CVC

# Sustainability Report 2024

Creating sustainable value

# CVC is committed to maximising returns through the creation of sustainable value for our stakeholders



Case study

**DFE Pharma – Moving to a healthier world**

Case study

**OCU – From monitoring, to materiality, to reporting**


Case study

**D-Marin – Switching to clean energy**

# Introduction

# About this report

The aim of this report is to provide transparency on CVC's performance and management of material sustainability topics as they relate to both our assets under management and our own operations.

The report is structured as follows, to reflect the four strategic priorities of CVC's sustainability strategy:

» Investing responsibly for long-term growth

» Attracting, developing and retaining talent

» Building climate resilience

» Ensuring robust governance and accountability

The period covered by this sustainability report is 1 January to 31 December 2023.

This report is prepared for the CVC Group, referred to in this report as the Group or CVC. Further information about the scope of this report is provided in the disclaimer on page 51[1].

We have produced this report with reference to the following standards:

**» UN PRI**
This report includes consideration of the activities and progress we have made in 2023 towards implementing the Six Principles of the United Nations-supported Principles for Responsible Investment (PRI)

**» TCFD**
This report incorporates the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) including those applicable to all sectors (section C of the TCFD Annex) and the additional guidance for Asset Managers (part 3, section D of the TCFD Annex). Please refer to page 34 for more detail.

**» GRI**
Reference has been made to the Global Reporting Initiative (GRI) standards in disclosing CVC's own operational sustainability data. The GRI index on page 48 of the Appendix provides more detail of the approach taken.

Any case studies used in this report are not representative of all investments and are shown solely for illustrative purposes. You can read a more detailed disclaimer at the end of this report.


1 In September 2023, the Group announced the agreed acquisition of DIF Capital Partners (DIF), a leading infrastructure manager, creating CVC Infrastructure. The acquisition is subject to the satisfaction of certain regulatory and other conditions and is therefore expected to close in the first half of 2024. Sustainability data for CVC Infrastructure is therefore not included in this report, unless explicitly stated.

## About CVC[1]

CVC is a global leader in private markets, with a history of creating sustainable value over more than 40 years. As of 31 December 2023, the Group had 1,154 employees (including 510 investment professionals) and managed approximately €186 billion of AUM across seven complementary investment strategies in Private Equity, Secondaries, Credit and Infrastructure. We invest through these strategies on behalf of pension funds and other leading institutions.

### Private Equity

#### Europe/Americas

**Strategy**
Global leader – ability to deploy at scale and deliver consistent outperformance.

**Launch Year**
1996

**AUM**
€86bn

**Investments since inception**
237

#### Asia

**Strategy**
Complementary regional strategy supported by strong secular tailwinds.

**Launch Year**
1999

**AUM**
€14bn

**Investments since inception**
84

#### Strategic Opportunities

**Strategy**
Highly scalable, lower risk, longer hold strategy.

**Launch Year**
2014

**AUM**
€14bn

**Investments since inception**
17

#### Growth

**Strategy**
Complementary mid-market growth equity.

**Launch Year**
2014

**AUM**
€3bn

**Investments since inception**
18

#### Secondaries

**Strategy**
Providing tailored liquidity solutions for third party general partners and limited partners.

**Launch Year**
2006

**AUM**
€13bn

**Investments since inception**
185+

#### Credit

**Strategy**
Credit provider across capital structures.

**Launch Year**
2006

**AUM**
€40bn

**Investments since inception**
Performing Credit: 695+
Private Credit: 310+

#### Infrastructure

**Strategy**
Top 3 pure play infrastructure platform in Europe.

**Launch Year**
2005

**AUM**
€17bn

**Investments since inception**
220+

**€186bn**
Under management

**29**
Global office locations

**7**
World-class strategies

**130+**
Private equity portfolio companies

**1,154**
CVC employees

**615,000+**
Employees across private equity portfolio

1 See the disclaimers at the back of this report for important information about how we calculate AUM and how investments since inception are classified for each strategy.

# Our sustainability journey[1]

**2010 / 2011**

- Initiated first engagement programme with private equity portfolio
- CVC Foundation established

**2012**

- Private equity RI Policy first introduced
- CVC Capital becomes a signatory to the Principles of Responsible Investment

**2015 / 2016**

- Joined Level 20
- Founding member of the Alternative Credit Council
- Diversity, equity and inclusion strategy developed
- Credit ESG Policy introduced

**2017**

- Sustainability Committee[5] established

**2018**

- Ethics Committee established
- Joined Invest Europe's ESG Working Group[2]
- Joined Sponsors for Educational Opportunity (SEO)

**2019**

- Commenced compensating for carbon emissions in own operations
- Joined global sustainable business network BSR

**2020**

- Member of PRI Private Equity Advisory Committee through to 2022
- Joined Level 20's advisory board
- Received EcoVadis silver medal[3]
- Joined the ILPA 'Diversity in Action' initiative
- CVC Credit issues first ESG-linked loan
- CVC Credit launches ESG Working Group

**2021**

- Welcomed first interns through the 10,000 Black Interns initiative
- Joined initiative Climat International
- Joined the Private Equity Sustainable Markets Initiative Taskforce (PESMIT)
- Founding member of the ESG Data Convergence Initiative and on Steering Committee
- CVC Credit issues first US CLO with ESG indenture

**2022**

- CVC Women's Network launched
- First portfolio-level climate risk assessment
- Cyber security engagement strategy updated
- Received EcoVadis gold medal[3]
- Committed to set science-based target with the SBTi
- CVC Credit launches proprietary ESG internal scorecard

**2023**

- CVC Pride Network launched
- Science-based targets validated by the SBTi[4]

1 There is no guarantee that CVC will remain a signatory, supporter or member of any sustainability initiatives or other similar industry frameworks.
2 Formerly known as the Responsible Investment Roundtable.
3 See the disclaimers at the back of this report for important information regarding scores, grades and awards received by CVC.
4 Portfolio-level targets apply only to eligible private and listed equity investments. See p36 for more information.
5 Formerly the ESG Committee.

# Industry engagement[1]

## Responsible Investing

Principles of Responsible Investment

Business for Social Responsibility

initiative Climat International

Sustainable Markets Initiative

ESG Data Convergence Initiative

## DE&I

Level20

Sponsors for Educational Opportunity

Sponsors for Educational Opportunity (US)

10,000 Black Interns

ILPA Diversity in Action

## Finance and Investment

Invest Europe

Alternative Investment Management Association

Alternative Credit Council

European Leveraged Finance Association

British Private Equity & Venture Capital Association

Institutional Limited Partners Association

1. There is no guarantee that CVC will remain a signatory, supporter or member of any sustainability initiatives or other similar industry frameworks.

# Our approach to sustainability

CVC believes that proactively incorporating the consideration of material sustainability topics within CVC's own operations, as well as in our investment approach, contributes to the long-term success of our business and the investments we make.

## Letter from the Co-Chairs of the Sustainability Committee

# Creating sustainable value

CVC aims to maximise returns by creating sustainable value for our stakeholders. We believe that by considering material sustainability topics within our own operations, as well as in our investment approach, we can make more informed decisions and build businesses that are stronger and more resilient. Ultimately, we believe this contributes to the long-term success of our business and the investments we make.

### Reflections on 2023

2023 was a busy year during which we continued to advance towards both our business and our sustainability strategic objectives. In September, we agreed to acquire DIF Capital Partners, a leading infrastructure manager, creating CVC Infrastructure; and in December, we were represented at the UN Climate Change Conference, COP 28, by our Chair, Rolly van Rappard. Here the trends highlighted the increasing opportunities we are likely to see in the energy transition. We also had our corporate science-based targets validated by the Science Based Targets initiative (SBTi).

The creation of CVC Infrastructure has provided CVC with another leading investment platform, directly adjacent and highly complementary to our existing strategies. By its very nature, CVC Infrastructure is focused on long-term sustainable value creation. Many of its assets are key to the low-carbon energy transition, such as renewable energy, lower-emission transportation and more sustainable infrastructure. We're excited to see CVC become a global leader in infrastructure.

Recognising a key part of our strategy is investing responsibly for long-term growth, we continue to focus on building better businesses by identifying and investing in sustainable value creation levers in our portfolio companies, prioritising those assets where funds have control or co-control. For example, in 2023, the proportion of companies in our private equity portfolio undergoing a sustainability assessment through EcoVadis (or similar) increased to 78%, up from 77% in 2022. The proportion of these companies scoring in the top half of companies rated by EcoVadis now stands at 71%, compared with 61% in 2022[1].

COP 28 brought some positive developments that will support the energy transition and recognised that private finance has the opportunity to play a greater role. It also stood as a reminder that businesses are increasingly being held accountable for their decarbonisation strategies.

These trends are reflected in the increasing opportunities we are seeing in the energy transition, such as our recent investment in a business accelerating the digital transformation of electricity distribution grids. Furthermore, these trends emphasise the importance of our approach to engaging with companies to help them manage material climate risks and opportunities, particularly through our commitment to the SBTi[2]. As well as having our targets validated, we were encouraged to see that, by the end of the year, 8% of eligible portfolio companies had SBTi validated targets, supporting our objectives as we move towards our interim SBTi portfolio engagement target of 40% by 2027.

1 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC's portfolio companies.

2 Portfolio-level targets apply only to eligible private and listed equity investments.

# **Letter from the Co-Chairs of the Sustainability Committee** continued

Recognising the speed of evolution of Artificial Intelligence (AI) and digitalisation, CVC continues to focus on portfolio digital resilience so that companies are well positioned to manage cyber risks effectively. This includes assessing cybersecurity maturity and resilience as part of a broader portfolio digitisation and AI programme. 96% of companies in the private equity portfolio participated in our third-party-run cyber assessment in 2023[1].

At Group level, we recognise our success as a global leader in private markets depends on attracting, developing and retaining the best talent. We welcomed our new Chief People Officer, Katharina Koenig, and, as part of our commitment to training and development, we hired a new colleague to lead talent development across the Group.

Following our commitment to undertaking employee engagement surveys each year, in 2023 we saw an increase in the number of participants from 85% to 92% and the employee engagement score rise another two percentage points year over year from 85% to 87%. We continue to use feedback from the annual employee engagement survey to help identify further ways to support colleagues.

1 Excludes investments in our Asia strategy and listed investments for other private equity strategies as these were not in scope of this assessment.

Jean-Remy Roussel
Managing Partner

"We continue to focus on building better businesses by identifying and investing in sustainable value creation levers in our portfolio companies."

### Looking forward to the next 12 months

As a global organisation, with over €186bn of AUM and with over 1,100 employees and growing, we understand that our expanding footprint means a greater impact on our people and society at large. Our plans in 2024 include continuing to focus on due diligence and support our portfolio companies with a particular focus on improved data, regulation and climate.

We will continue to incorporate our enhanced sustainability due diligence processes as we deploy further capital. This will help ensure we can prioritise and understand material sustainability topics, and therefore support our efforts to strategically drive sustainable value creation during our holding period.

Importantly, we will also be focusing on supporting companies in navigating the fast-evolving regulatory landscape, to maximise associated opportunities and manage downside risk. Furthermore, as we continue to see positive developments in the quality of portfolio-level data, we anticipate this will enhance our insights into sustainability topics within our Credit and Secondaries strategies, providing opportunities for deeper engagement in future.

We will also continue to progress on our climate strategy, with the next wave of our Climate Action Accelerator kicking off in early 2024, supporting companies in our private equity portfolio in setting their own targets, where appropriate. We are seeing the momentum for such support building as we work towards our portfolio-level SBTi targets, and we have identified significant carbon and associated cost savings at several portfolio companies.

Now, more than ever, we see the consideration of material sustainability topics as a key factor in contributing to economic growth, consistent with our fiduciary duty to deliver superior risk-adjusted returns to our investors.

Chris Stadler
Managing Partner

"Proactively incorporating sustainability considerations will help future proof companies and meaningfully contribute to our objective of creating long-term sustainable value."

# Progress update from our Head of Sustainability

We have continued to develop and execute our sustainability strategy across the Group this past year. In particular, we have prioritised portfolio engagement and reporting, worked with companies on the importance of understanding and managing climate-related risks and opportunities, and continued to innovate through initiatives such as our private credit ESG-linked loan framework.

A key focus across our seven strategies is to ensure we are investing responsibly for long-term growth throughout our investment portfolio. We see our main opportunity for protecting and creating value with investments where funds hold a control or co-control position. This is where our active-ownership model comes into play, helping our companies with sustainability initiatives, supporting them on their innovation and increasing their competitive advantage. We continue to make progress in this area, and one of the ways we can demonstrate this is through the data we collect by using the EcoVadis platform, see page 19.

Data quality is a key priority for us, one that applies across the Group and through the investment cycle, as relevant to each strategy. It supports informed decision-making and it serves to credibly demonstrate progress at the portfolio level. Here, initiatives such as the ESG Data Convergence Initiative (EDCI), for which I am a member of the Steering Committee, can support the work we are doing. It is a voluntary programme where firms agree to report on a set of metrics drawn from existing international frameworks, thus streamlining the industry's historically fragmented approach to collecting and reporting data. The success of this initiative reflects the industry-wide appreciation of the fact that better data leads to more-informed decisions, and more transparency with stakeholders. We also recognise the huge focus on sustainability reporting from a regulatory perspective, and we are working with a number of portfolio companies as they prepare for new regulation, such as the EU Corporate Sustainability Reporting Directive (CSRD).

With respect to our own commitment to transparency in our approach to responsible investing, we have been a signatory to the PRI since 2012. In 2023, we had the opportunity to participate in the latest reporting cycle, this time for all asset classes, with Credit and Secondaries taking part for the first time, on a voluntary basis. You can find our scores on page 15.[1]

Another major focus of our strategy is building climate resilience across our assets. A key aspect of our approach to this is our commitment to the SBTi, following the receipt of validated group and portfolio-level targets for the eligible private equity portfolio in 2023. In addition, through our membership of Initiative Climat International (iCI) and the Private Equity Sustainable Markets Initiative Taskforce (PESMIT), we're also planning to start implementing the Private Markets Decarbonisation Roadmap (PMDR) for certain funds this year. It provides a common language that enables firms to disclose the position of their underlying assets with respect to their decarbonisation plans and progress. Therefore, we plan to use it to guide how we disclose progress being made by our private equity portfolio companies. We see the PMDR as another important tool in contributing to raising the bar for transparency in addressing climate risks and opportunities.

One of the ways our Private Credit business is engaging on sustainability with its underlying assets is by using ESG-linked loans. During the year, we have been working on formalising our framework for ESG-linked lending to align with the Sustainability Linked Loans Principles, a best-practice standard. The aim is to have the framework externally validated during 2024. It was great to see the team receive a Real Deals award in the category ESG Lender – Funds, recognising their efforts in this.[2]

Looking ahead, we're seeing an increased focus on nature and biodiversity, as well as enhancing of best practice in managing environmental and social issues in the supply chain. The importance of both themes is underpinned by evolving regulation, such as Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Deforestation Regulation (EUDR), as well as new industry standards and frameworks such as the Taskforce on Nature related Financial Disclosures (TNFD). We plan to increase our engagement with our portfolio companies on these topics this year as relevant, to help them better navigate salient risks and opportunities, as well as engaging on these topics through industry initiatives such as iCI and PESMIT.

Reflecting on our sustainability achievements in 2023, we are excited by the progress made both by CVC and our portfolio companies. As we look to the remainder of 2024 and beyond, with a continued focus on what is material to us and our investments, we are confident our sustainability programme will be well placed to support our objectives of building better businesses and creating sustainable value for our stakeholders.

Chloë Sanders
Head of Sustainability

**"We are confident our sustainability programme will help build better businesses and create sustainable value."**

1 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC.

2 For award details please see: https://www.cvc.com/media/news/2023/2023-10-20-cvc-credit-wins-esg-fund-lender-of-the-year-at-the-real-deals-esg-awards-2023/

## Materiality assessment

In 2023, we refreshed our materiality assessment to help ensure we remain focused on the sustainability topics that are most important to our business and our stakeholders. We undertook an internal review for any significant changes at the beginning of 2024 which fed into our continued strategy development.

We intend to review and refresh our materiality assessment periodically, with the expectation of undertaking a full assessment at least every three years and an internal review at least annually.

Our materiality assessment involved multiple steps to gather insights from various perspectives and stakeholders.

» **Formed long-list of topics**
In collaboration with external advisers and through a review of industry peers, we compiled a long-list of topics relevant to our business. This process allowed us to gather a wide range of inputs and considerations.

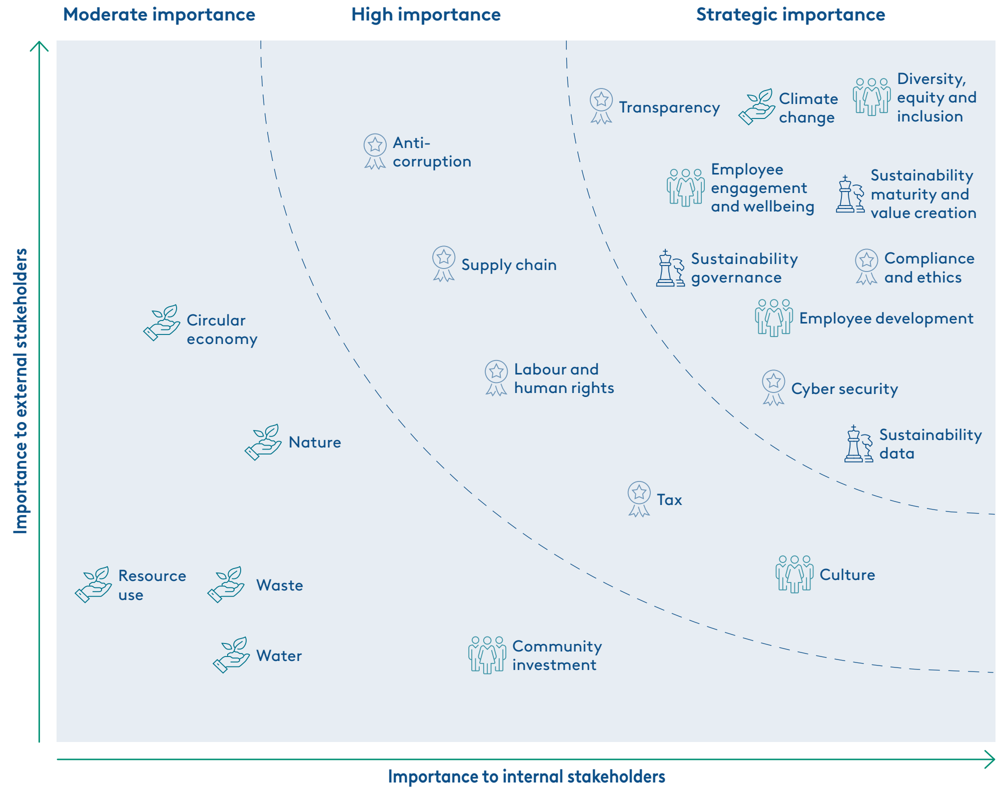
» **Conducted stakeholder interviews**
To gain insights into priorities and concerns within CVC, we conducted interviews with a selection of senior stakeholders. This stakeholder group was curated to include representation across business units, sectors, geographies, and strategies. By engaging with these individuals, we captured a view of internal perspectives on topics of significance to CVC.

» **Gathered investor insights**
Recognising the importance of external perspectives, we sought insights from a selection of key investors in CVC funds. These interactions provided valuable input regarding their expectations, concerns, and priorities related to sustainability topics.

» **Conducted desktop research**
In addition to stakeholder interviews, we commissioned a third party to undertake desktop research to explore broader perspectives on topics. This research encompassed the viewpoints and expectations of institutional investors, industry experts, and best practices prevalent in the investment community. This enabled us to gain a holistic understanding of industry trends and emerging issues. By following this process, we sought to ensure that our materiality assessment was based on a well-rounded understanding of internal and external viewpoints. This approach allowed us to identify which sustainability topics, individually, most impacted the decision making of our internal and external stakeholders due to their impact on CVC or CVC's impact on society and the environment.

Those topics, identified as strategically important, have been categorised under four headings, which have informed the structure of this report: investing responsibly for long-term growth; attracting, developing and retaining talent; building climate resilience; and ensuring robust governance and accountability.

Sustainability topics that impact the decision making of a sub-set of stakeholders or which would only impact decision making in certain circumstances have been deemed of high or moderate importance. These are material in limited circumstances and therefore our reporting on these topics is less detailed. Additional information is provided to our investors where certain topics are material to them specifically




**Investing responsibly for long-term growth**

**Attracting, developing and retaining talent**

**Building climate resilience**

**Ensuring robust governance and accountability**

## Our sustainability strategy

As a global leader in private markets, we aim to maximise returns by creating sustainable long-term value for our stakeholders. We believe integrating material sustainability risks and opportunities within our own operations and investment approach is critical. In the past year, we have continued to develop and refine our sustainability strategy.

### Building better businesses

The four strategic priorities of our sustainability strategy are determined by the materiality assessment set out on the prior page. They help us to measure how we are performing as a Group, and help us support, enhance and transform sustainability performance within our portfolio. They are designed to facilitate informed decisions and improved financial performance, therefore helping to ensure long-term success. As the four strategic priorities are the result of our materiality assessment they are representative of the sustainability topics most important to our business and our stakeholders. With seven investment strategies, we are mindful of the need for a tailored approach for each strategy, but we believe we have created a subset of common topics that will support our business goals across all asset classes.

### Continued evolution

Reporting requirements continue to evolve, and nascent issues continue to emerge. Therefore, we seek to further develop our strategy and evolve the relevant KPIs and targets to measure our progress towards our goals. This means reviewing our priority topics periodically, aiming for best practice, and working to further integrate sustainability into our business operations and investment processes.

## Creating sustainable value

| | | | | |
|---|---|---|---|---|
| Strategic priorities | **Investing responsibly for long-term growth** | **Attracting, developing and retaining talent** | **Building climate resilience** | **Ensuring robust governance and accountability** |
| Overarching goals | Proactively future-proof our investment portfolio through the integration of material sustainability topics | Foster an engaged and diverse business, recognising our employees are one of our greatest assets | Proactively manage material transition and physical risks and opportunities. | Embed and maintain robust governance and control processes across the business |
| Focus areas | **Transparency**<br>**Due diligence**<br>**Portfolio engagement** | **Diversity, equity and inclusion**<br>**Learning and development**<br>**Employee engagement and well-being** | **Operational emissions reduction**<br>**Portfolio emissions engagement**<br>**Managing climate risk** | **Business ethics and conduct**<br>**Information security and cyber resilience** |
| Values | **Entrepreneurial, Inclusive, Honest, Balanced** | | | |

# 2023 Highlights

## Investing responsibly for long-term growth[1]

**4/5**
Private Equity PRI score
2022: 4/5 =

**56%**
European Direct Lending investments with ESG-linked margin ratchets
2022: 61% ↓

**78%**
Percentage of private equity portfolio companies undergoing an EcoVadis or similar external assessment[2]
2022: 77% ↑

**98%**
Underlying GPs in our secondaries portfolio with an a responsible investment policy
2022: 92% ↑

**46%**
Percentage of rated private equity portfolio companies with top quartile EcoVadis scores
2022: 46% =

## Attracting, developing and retaining talent

**92%**
Employee engagement score response rate
2022: 85% ↑

**87%**
Employee engagement score
2022: 85% ↑

**25%**
Female investment professionals
2022: 23% ↑

## Building climate resilience

**88%**
Scope 1 and 2 operational emissions reduction 2019-2023[3]
2022: 78% ↑

**Target:**
Reduce Scope 1 and 2 emissions by 73% by 2030 from a 2019 baseline

**8%**
Eligible private equity portfolio companies with validated science-based target
2022: 2% ↑

**Target:**
40% by end 2027

## Ensuring robust governance and accountability

**100%**
Percentage of employees undertaking annual compliance training
2022: 100% =

**Target:**
100%

1 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC and its portfolio companies.
2 Excludes investments made in last six months prior to relevant year end.
3 The majority of our Scope 1 and 2 emissions reduction has been achieved by procuring Energy Attribute Certificates. Further information is available on page 35.

# Investing responsibly for long-term growth

We believe the proactive integration of material sustainability topics into our risk management and value creation processes helps future-proof our investment portfolio

**78%**
Percentage of private equity portfolio companies undergoing an EcoVadis[1] or similar external assessment

**56%**
European Direct Lending investments with ESG-linked margin ratchets

**98%**
Underlying GPs in our secondaries portfolio with a responsible investment policy



1 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC and its portfolio companies.

## Our approach to responsible investing

# We seek to apply a consistent set of responsible-investment principles for each of our asset classes.

In line with our sustainability strategy on page 12, we focus on being transparent with stakeholders about our approach, undertaking sustainability due diligence of our investments and engaging with our portfolio through to exit as appropriate.

**The approach to engagement may differ for each asset class depending on the level of control the funds hold.**

In control positions, there is more opportunity to partner with companies and support transformation projects – for example, supporting portfolio companies in enhancing their approach to managing material sustainability topics, or integrating sustainability opportunities into company value-creation plans.

**Our approach is guided by our sustainable value-creation framework (see page 17).**

Read more about how we integrate sustainability into our investment process for our different strategies:[1]


| | |
|---|---|
| Private Equity | 18 |
| Credit | 25 |
| Secondaries | 28 |


## Transparency

We aim to report transparently, and promote best practice for responsible investment and the integration of sustainability into our investment processes.

CVC is a signatory to the UN Principles of Responsible Investment (PRI), and we perform gap analysis periodically to identify improvements, and continue to report publicly on progress made in reporting disclosures. CVC's approach to responsible investment is governed by responsible investment policies at the asset-class level.

CVC's Private Equity business has been a signatory to PRI since 2012 and taken part in the PRI reporting process since becoming a signatory. Credit and Secondaries underwent the first round of voluntary reporting in 2023. Reporting promotes accountability and enables signatories to fulfil their commitment to the PRI principles.

**In 2023, our PRI scores were[2]:**

4/5
Private Equity

4/5
Credit

3/5
Secondaries

## Due diligence

We seek to consider and document material sustainability topics and issues as part of due diligence and decision-making on new deals.[3]

Formal documentation of sustainability considerations is required for new deals as part of the investment process. Guidance on the approach to be taken by each investment strategy is made available to deal teams, with periodic training available for new and existing team members.

1 For information on CVC Infrastructure's approach to responsible investment, please click here. We intend to report on CVC infrastructure in future reporting periods. In 2023, CVC Infrastructure received a score of 5/5 for the Infrastructure module of the PRI assessment.

2 See the disclaimers at the back of this report for important information regarding scores, grades and awards received by CVC and its portfolio companies.

3 As the term is used in this report, "new deals" excludes transactions pursued by CVC's portfolio companies. CVC is supportive of the consideration of material sustainability topics as a part of diligence and decision-making for transactions pursued by its portfolio companies.

# Our approach to responsible investing continued

## Portfolio engagement

During the holding period and through to exit, where there is the opportunity to do so, CVC works with portfolio companies and borrowers, and monitors their sustainability performance with a view to identifying and responding to opportunities to create value and manage risk.

The extent of the engagement and monitoring may depend on the level of control a fund holds with respect to the underlying investment.

Where the nature of the investment strategy limits the ability of CVC to work meaningfully with an investment on sustainability topics, we look to monitor sustainability risks and work with management, or private equity sponsors, to manage risk and identify opportunities, where possible.

For each asset class, we seek to use purpose-built tools to measure engagement across the investment portfolio. Increasingly sustainability performance data is shared directly with fund investors. Where relevant, sustainability information gathered through the CVC fund ownership period is disclosed to potential buyers at the exit stage of the investment cycle. We aim to incorporate sustainability considerations where relevant; however, the extent to which we incorporate sustainability considerations into exit preparations may depend on a number of factors, including the anticipated method of exit.

## Sustainable value creation framework

CVC's sustainable value-creation framework helps ensure a consistent approach to working with portfolio companies and investments on sustainability topics.

We believe that building better business starts with strong fundamentals and great management.

While we expect companies to manage specific sector and business sustainability topics, there are a subset of common topics that also influence how we aim for continued improvement across all asset classes. We undertake annual data-collection initiatives across each of our asset classes and incorporate the KPIs from our sustainable value-creation framework as deemed appropriate. Within our private equity strategies, we also use the sustainable value-creation framework to guide our engagement with portfolio companies, and their transformation. We review the priority topics of the sustainable value-creation framework periodically as part of our materiality assessment process.

# Driving engagement and transformation

## Our value creation framework

**CVC's value creation framework helps ensure a consistent approach to engaging and partnering with portfolio companies and investments on sustainability topics**

## Great management sits at the heart of the process

**We drive sustainable value creation through strong fundamentals and great management**

- Sustainability governance
- Sustainability maturity
- Business specific sustainable value creation KPIs

| Dimension | Overarching goals |
|---|---|
| Governance and ethics | Drive strong governance practices and resilient systems |
| Customer engagement | Focus on customers and their needs through quality products and services |
| Employee engagement and culture | Promote inclusive workplace environments that successfully manage talent |
| Sustainable operations and supply chain | Embed sustainable and responsible practices through the supply chain |
| Community engagement | Build trust and transparency with communities in which companies operate |
| Environment and planet | Support companies to proactively manage the transition to the low-carbon economy and impacts of climate change |

### Common sustainability focus areas of engagement[1]

- **Business ethics and conduct**
- **Cyber resilience**
- **Labour and human rights**
- **Customer satisfaction**
- **Employee engagement**
- **Diversity, equity and inclusion**
- **Sustainable supply chain**
- **Portfolio emissions measurement**
- **Portfolio emissions reduction**

It should not be assumed that any sustainability initiatives, standards or metrics described herein will apply to each asset in which CVC invests or that they have applied to each of CVC's prior investments unless otherwise specified in the relevant fund documentation or regulatory disclosures made pursuant to Regulation (EU) 2019/2088. The sustainability value creation framework is only one of many considerations that CVC takes into account when making investment decisions, and other considerations can be expected in certain circumstances to outweigh sustainability considerations. Additionally, the act of selecting and evaluating material sustainability considerations is subjective by nature, and applied only where relevant, applicable or appropriate. The criteria utilised or judgement exercised by CVC may not align with the views, beliefs or values, internal policies, or preferred practices of any particular investor or other asset manager or with market trends. Neither can CVC guarantee that its sustainability programme, which depends in part on qualitative judgements, will positively impact the performance of any individual investment or its funds as a whole.

The information provided herein is intended solely to provide an indication of the sustainability initiatives and standards that CVC applies when seeking to evaluate and/or improve the sustainability characteristics of an investment as part of the larger goal of maximising financial returns on investments. Accordingly, certain investments may exhibit characteristics that are inconsistent with the initiatives, standards or metrics described herein.

1 All focus areas are covered in our Private Equity engagement approach but only partially in our Credit and Secondaries approaches.

# Private Equity

Comprising four investment strategies – Europe/Americas, Asia, Strategic Opportunities, and Growth – our Private Equity platform has investments in more than 130 companies worldwide. We aim to implement a sustainability approach that is broadly consistent across all of our private equity strategies, and we seek to consider material sustainability topics across the stages of the deal lifecycle.

## Our approach to responsible investing in Private Equity

From initial screening and due diligence to exit, material sustainability topics support our decision-making at each stage, to the extent relevant and appropriate. This involves considering material sustainability topics as part of our investment thesis and due diligence, and working with portfolio companies to enhance their sustainability programmes and make improvements during the holding period.

Each investment opportunity is unique, and we have a structured approach to help companies determine, and then focus on, what is most material to them. This helps us address the diverse risks and opportunities arising across the various industries and regions where we invest. For non-control investments, the opportunity for engagement can be more limited, though we continue to encourage adopting best practices in sustainability.

## Developments in 2023

For our private equity strategies, we continued to advance initiatives across key themes of responsible investing to help enhance and protect value across the portfolio:

- We expanded the coverage of sustainability data collection to **86% of our private equity portfolio** (up from 64% in 2022)[1].
- We further formalised our approach to integrating sustainability in due diligence and material sustainability topics were considered and documented on **100% of new deals**.
- We further refined our internal scorecard to more regularly track the **maturity of portfolio companies' sustainability management**. This focuses on key themes that include sustainability governance, strategy, implementation plans, risk management, data collection, reporting, and target setting.
- We continued to support companies to **measure greenhouse gas (GHG) emissions, set reduction targets, and develop tangible action plans,** where appropriate (see section Operational emissions for more detail).
- We continued to engage with portfolio companies to encourage them to **improve cyber resilience** so that our companies are better equipped to effectively manage cyber risks.
- We awarded **20 new Planet & People Grants** to our portfolio companies for projects that have positive social and environmental impacts.
- We held two virtual **Spotlight conferences** covering best practice approaches to sustainability topics including 1) diversity, equity and inclusion, 2) climate risk management, 3) responsible sourcing, and 4) waste management.
- **We supported a number of portfolio companies to access ESG-linked loans** that offer lower interest rates in return for demonstrating progress towards pre-defined sustainability performance targets.

1 Excludes investments for which data has not been requested due to the acquisition occurring after the annual data collection cycle.

# **Private Equity** continued

## Performance improvements in 2023

We typically use EcoVadis[1], a leading sustainability rating agency in private markets, to provide third-party assessment of portfolio companies' progress in managing material sustainability topics.

In 2023, we increased the proportion of our portfolio undergoing an EcoVadis or similar external assessment to 78%, up from 77% in 2022[2].

The proportion of companies scoring in the top quartile of companies rated by EcoVadis remained at 46%; however the proportion of companies scoring in the top half of companies rated by EcoVadis now stands at 71% compared with 61% in 2022.

Performance across key performance indicators has broadly remained the same or improved across the portfolio companies rated by EcoVadis[3]. Given the number of new companies rated on the platform in 2023, overall portfolio performance across certain metrics has marginally decreased.

## Future plans

In 2024, we plan to:

- Support companies to navigate the fast-evolving regulatory landscape.
- Continue to support portfolio companies to set science-based emission reduction targets in line with our SBTi target (see page 36).
- Perform portfolio-wide risk assessments for climate change, biodiversity and human rights.
- Enhance our data collection and reporting processes to enable a broader range of internal stakeholders to be able to access portfolio company sustainability data more readily.

**85%**
**Actions on energy consumption and GHGs**
2022: 79% ↑

**78%**
**Waste management measurements in place**
2022: 70% ↑

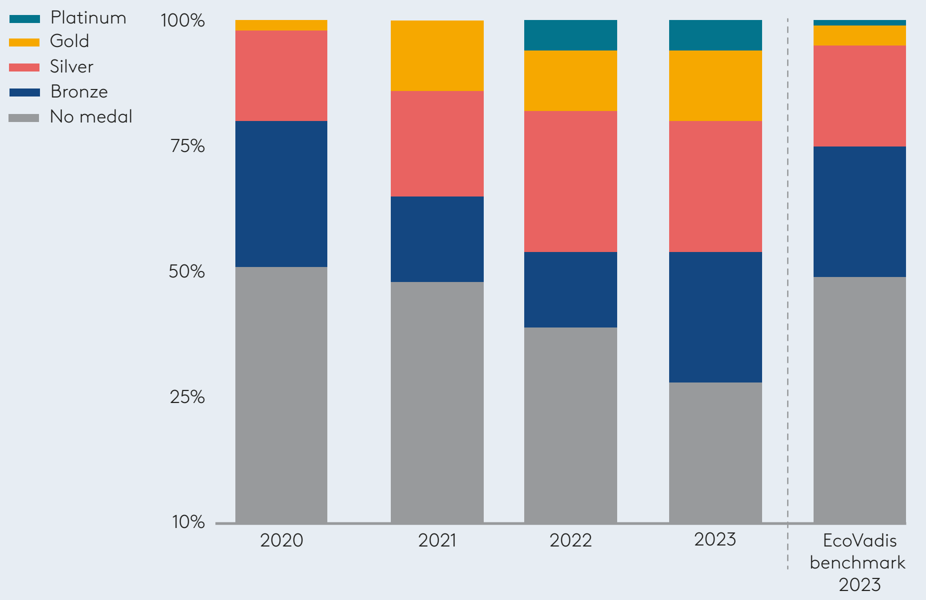
**76%**
**Actions to prevent discrimination and/or harassment**
2022: 78% ↓

**76%**
**Actions to promote diversity**
2022: 77% ↓

**90%**
**Policy on information security**
2022: 86% ↑

**84%**
**Active whistleblowing procedure in place**
2022: 83% ↑

**EcoVadis performance distribution by medals awarded[4] (by count of portfolio companies)**




4 The chart includes EcoVadis portfolio company scores for 94 companies in 2023, up from 81 companies in 2022. The data for each year presented in the chart reflects the latest EcoVadis scores applicable Private Equity portfolio companies received as of the end of that year; such scores, therefore, may have been awarded in connection with a reporting period from a prior year, given that some companies take longer than 12 months to complete their score reassessment.

1 CVC Growth has a minority shareholding in EcoVadis. See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC and its portfolio companies.

2 Excludes investments made in last six months prior to relevant year end.

3 This KPI data is pulled directly from the EcoVadis reporting dashboard and only represents data for CVC Private Equity portfolio companies that received an EcoVadis rating in connection with the 2023 reporting period. There are two instances in which these figures incorporate data for companies with a parent subsidiary relationship, with each such company receiving a separate EcoVadis score for the 2023 reporting period; there may be instances in which an activity, policy, or procedure resulted in both the applicable parent and subsidiary being characterized as satisfying the criteria relevant to have broadly remained the same or improved across the portfolio companies rated by EcoVadis.

**Private Equity** continued

Case study | Strategic Opportunities

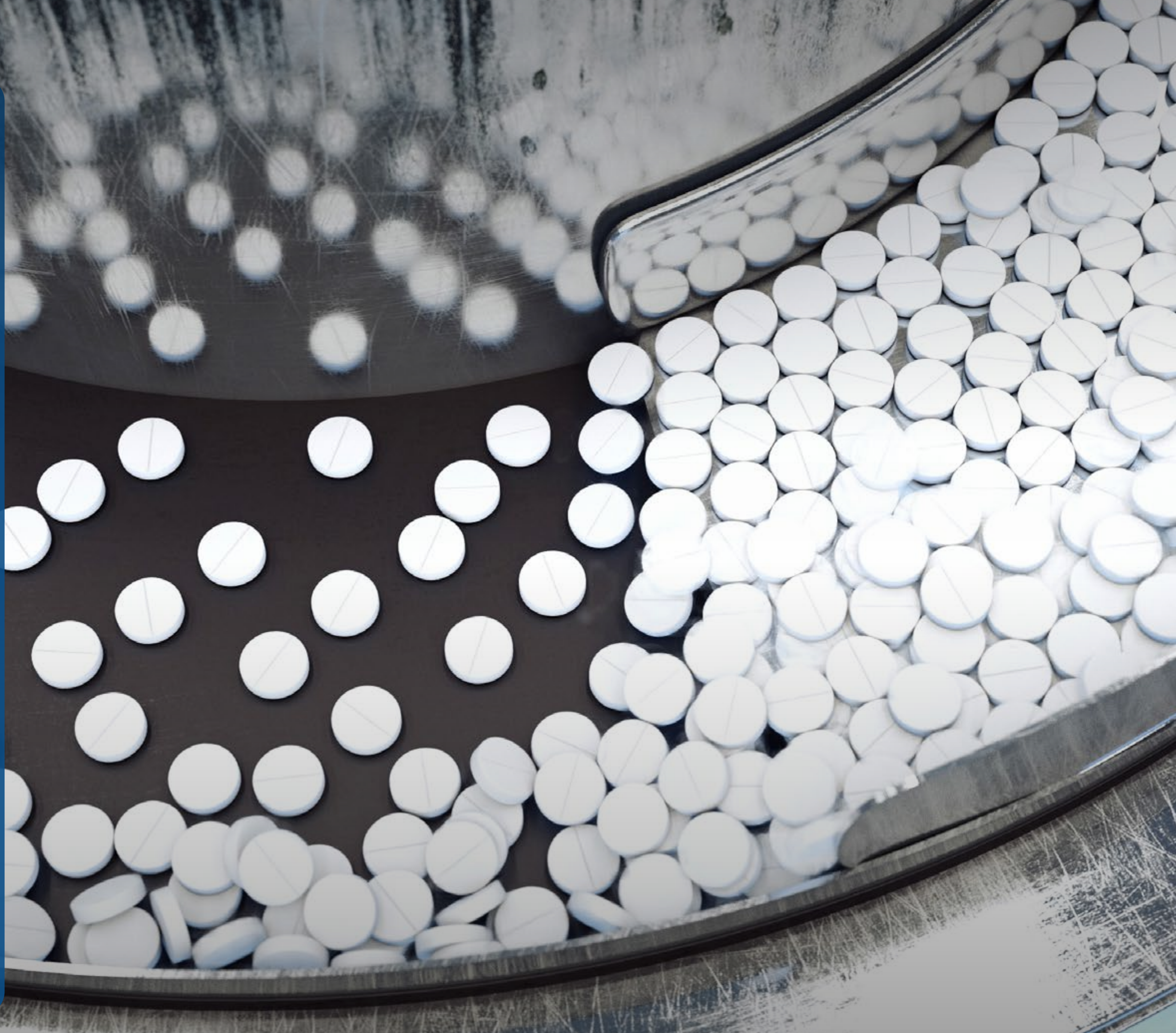
DFE pharma

# Moving to a healthier world

## DFE Pharma is the global leader in lactose-based excipients – inactive substances blended with the active ingredients in medicines, to bind or bulk them, or to help process the active ingredient.[1]

After acquiring 50% of the business in 2019, CVC helped DFE Pharma set up a robust sustainability governance framework. This included assisting with establishing a sustainability committee, appointing the company's chief operating officer as the executive sponsor, and appointing a director responsible for reaching non-financial targets.

DFE Pharma's approach to sustainability is inspired by its purpose of 'Your medicines, our solutions. Moving to a healthier world'. Priorities of the business include making its work more sustainable and future-proofed by using cleaner as well as less energy, complying with global regulations, preparing for the Corporate Sustainable Reporting Directive (CSRD), ensuring safety of its employees, and promoting equity among its workforce. We provided DFE Pharma with support to produce its sustainability report, with reference to Global Reporting Initiative standards. Also, in partnership with co-investors, we helped accelerate the company's ability to submit decarbonisation targets to the SBTi, and expect these to be considered for validation in 2024.



1 See the disclaimers at the back of this report for important information regarding case studies.

**Private Equity** continued

Case study | Asia

finetoday

# Bringing sustainability to personal care

## CVC funds made an investment in the personal-care business of Japanese cosmetics company Shiseido in 2021 and its portfolio of global brands[1]. The business is now known as FineToday.

Since investment, we have helped the brands create products with reusable and recyclable packaging, and reduce emissions by reviewing and redesigning manufacturing processes and consuming more clean energy.

We have also helped establish an internal division dedicated to sustainability. In July 2022, the business formulated FineToday and Tomorrow 2030 as its long-term vision, identifying key topics that will help the company promote sustainability management and address related issues through its business activities. FineToday made a commitment to the SBTi in July 2022, and received SBTi validation of its emission-reduction targets in line with 1.5°C scenarios in January 2024. FineToday is also an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD), to promote and guide its climate-related activities and disclosures. The company released its first TCFD report in March 2023, and its first voluntary sustainability report in May 2023. In September 2023, FineToday was awarded an EcoVadis Gold medal for sustainability, placing it in the top 5% of all companies rated by EcoVadis[2].


1 See the disclaimers at the back of this report for important information regarding case studies.

2 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC and its portfolio companies.

**Private Equity** continued

Case study | Europe/Americas

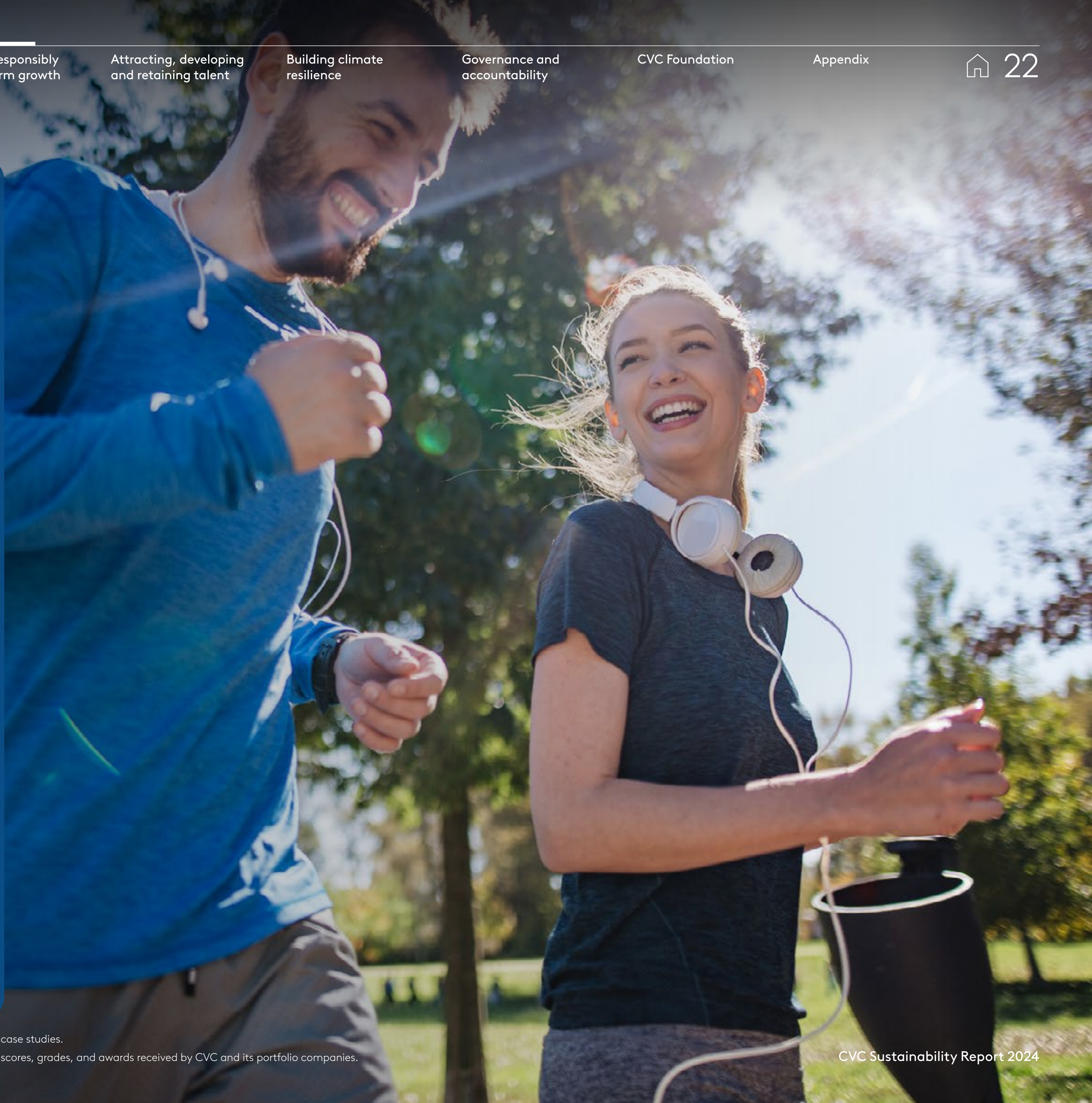
ΕΘΝΙΚΗ
Η Πρώτη Ασφαλιστική

# Building sustainability into insurance

## Ethniki Insurance covers a range of life and non-life insurance products, and is one of the market leading and longest-standing insurance firms in Greece.[1]

Ethniki Insurance is now in the process of developing a sustainability strategy and targets, based on a double-materiality assessment, and has been producing sustainability reports for a number of years. CVC has helped Ethniki Insurance build a strong sustainability governance structure. Our support has included involvement with setting up a committee and with hiring a Head of Sustainability, who is further supported by Sustainability Ambassadors across functional areas, responsible for executing the sustainability strategy.

In the last year, Ethniki Insurance became a member of the Partnership for Carbon Accounting Financials (PCAF) and was awarded a gold medal on its first EcoVadis[2] assessment, making it the first insurance company in Greece with such a rating. We have also helped the firm measure its Scope 1, 2 and 3 GHG emissions, and we are now supporting them in creating a decarbonisation strategy. Furthermore, Ethniki Insurance is building a strategy to manage the implications of the energy transition on its investment and underwriting portfolios.



1 See the disclaimers at the back of this report for important information regarding case studies.
2 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC and its portfolio companies.

Private Equity continued

Case study

Europe/Americas

SYNTEGON

# Reducing the impact of packaging

## Based in Germany, Syntegon produces packaging machinery for the pharmaceutical and food industries.[1]

Syntegon's sustainability mission is to provide packaging technology that can process the materials efficiently while minimising resource consumption. CVC has supported this by helping the business reduce its environmental impact.

As well as guiding Syntegon in measuring its Scope 1, 2 and 3 GHG emissions, we have helped the company develop a costed decarbonisation roadmap. Its emissions-reduction targets have been submitted to SBTi for potential validation in 2024. Reaching these targets will support Syntegon's efforts to create value by meeting customer demands for more-sustainable packaging.

1 See the disclaimers at the back of this report for important information regarding case studies.

**Private Equity** continued

Case study | Exit: Europe/Americas

PKP ENERGETYKA

# Continuous improvement during ownership

**PKP Energetyka (PKPE) is one of the largest energy companies in Poland, distributing energy and developing critical infrastructure for the Polish railway sector.[1]**

CVC funds exited this investment in early 2023. Under CVC fund ownership, PKPE successfully transformed from a state-owned utility to a world-class digital infrastructure leader, implementing cutting-edge technology and operational improvements. During the transition, it established its sustainability programme, aiming for continuous improvement, in particular in health and safety, employee engagement and environmental responsibility.

As part of the plan, PKPE was able to reduce injury rates through a combination of improved policies, regular training and by hiring experienced safety personnel, analysing the root causes of accidents and near misses. The company's efforts in following best-practice approaches to employee involvement and organisational culture have been recognised by the Polish Top Employers Institute, and it has added an internship and talent programme for employees.

PKPE has undergone digital and cyber security transformation, allowing the company to embark on the industry-wide strategic Green Railway programme, which aims to change the sector's energy mix to 85% clean energy from renewable sources by 2030. The company has also built the first 5MW energy-storage facility to power the rail network, improving security of supply and promoting efficient consumption.

During CVC funds' ownership, the improvement in PKPE's sustainability credentials culminated in a Gold rating from EcoVadis[2]. It places PKPE among the top 5% of companies assessed by EcoVadis[1] and in the top 8% of companies within the world's energy and railway sectors.

1 See the disclaimers at the back of this report for important information regarding case studies.

2 See the disclaimers at the back of this report for important information regarding scores, grades, and awards received by CVC and its portfolio companies.

# Credit

CVC Credit targets income opportunities in both senior secured loans and bonds and directly provides other lending opportunities to high-quality assets in Europe and North America.

This offers investors a broad range of opportunities to meet their investment criteria through specific investment vehicles and solutions. We work to protect these transactions by actively managing risks, as well as considering material sustainability topics in our due diligence and monitoring processes.

Within our Credit business, we operate two investment platforms, Private Credit and Performing Credit. Both platforms generally follow the same approach to integrating sustainability risks and opportunities into the investment process.

## Our approach to responsible investing in Credit

CVC aims to integrate the evaluation and management of material sustainability considerations throughout its investment processes, subject to limitations[1].

During the initial review of an investment opportunity, we review sustainability considerations for each issuer through CVC's proprietary internal scorecard. In addition to the topics covered by the scorecard, investment analysts are expected to take account of other sustainability considerations that may also materially affect our view of a potential investment. Those that are deemed sufficiently material are included in the Investment Committee memo.

CVC also reviews material sustainability considerations as part of its regular reporting to Investment Committees. Furthermore, investment analysts are responsible for updating the scorecard for each issuer periodically.

Where appropriate, the private credit teams use ESG-linked 'margin ratchets' (changing interest rates), which we encourage in every loan the European Direct Lending strategy makes, to incentivise companies to improve their sustainability programmes and help protect value. For example, if a borrower undertakes an annual external sustainability assessment from a credible third party, such as EcoVadis, CVC Credit can raise or lower margin ratchets depending on the findings, to encourage continued improvement.

Furthermore, EcoVadis offers a standard assessment process, a common platform, sector-specific benchmarks and performance-improvement tools, to help investee companies achieve their sustainability plans and improve their corporate disclosure. EcoVadis statistics have shown that 70% of rated companies improved their year-on-year performance.

## Developments in 2023

In 2023, we continued to advance a variety of responsible investment initiatives within our credit business:

» As of December 2023, **more than €4.6bn** of our investments in our Private Credit business included a ESG-linked margin ratchet. 56% of all allocated capital within our European Direct Lending strategy is aligned with our ESG-linked loan framework.

» CVC won **ESG Fund Lender of the Year** at the Real Deals ESG Awards 2023[2].

» We hired a full-time **sustainability professional** to oversee day-to-day responsible investment matters within the Credit strategy.

» We **updated our internal scorecard** to align with the CVC-wide value creation framework, along with industry standards and frameworks such as the TCFD recommendations and EDCI.

» We submitted our first **PRI Transparency Report**, scoring at or above the PRI median for PGS, Fixed Income – Corporate, Fixed Income – Private Debt, and Confidence Building Measures[3].

» We continued to be involved with industry initiatives through industry bodies such as **ELFA and AIMA**.

## Future plans

In 2024, in addition to continuing our main efforts to integrate responsible investment, we plan to:

» Update and receive third-party verification of our ESG-linked loan framework in line with the **LMA Sustainability Linked Loan Principles** to include additional KPIs, including those related to climate progress, renewable energy and diversity.

» Use our **sustainability data platform**, which is designed to facilitate greatly increased efficiency and insight into our internal scorecard data, as well as enhance reporting capabilities. This will also allow us to use **third-party data providers** to reduce the sustainability data gaps we experience in the credit markets.

» Roll out our **updated internal scorecard** across the group, using the data platform. In addition, we plan to use the Sustainability Accounting Standards Board (SASB) industry framework to address industry-related sustainability issues.

» Continue **responsible investment education and knowledge building** through regular training with our investment teams.

» **Engage with industry bodies**, including ELFA, AIMA, the ACC and the LSTA to improve our understanding of best practices related to sustainability topics.

1 Within our Credit business we are often restricted in regards to data availability; however, data is collected on a best effort basis and we do engage with the management teams of borrowers where possible.

2 For award details please see: https://www.cvc.com/media/news/2023/2023-10-20-cvc-credit-wins-esg-fund-lender-of-the-year-at-the-real-deals-esg-awards-2023/

3 CVC did not report to the PRI on its investments in externally-managed securitised assets.

**Credit** continued

Case study | Credit

# From monitoring, to materiality, to reporting

**OCU Group is a world-class provider of engineering services for the utility, energy and infrastructure industries, with a workforce of 2,000 employees and contractors spread across the UK.[1]**

CVC has supported OCU since 2022, by financing the Triton Partners' leveraged buyout, but also providing an ESG margin ratchet within the loan agreement, that we believe supports the Group on its journey of meeting industry best practice in environmental and sustainability performance.

OCU's sustainability strategy covers a wide range of long- and shorter-term objectives. Having monitored its carbon emissions for over a decade, the Group has a target to achieve Net Zero across its business by 2040[1]. In addition, the Group make reference to the UN Sustainable Development Goals, with a particular focus on where the business has the most impact, including reducing waste, responsible sourcing of materials, recycling water for re-use, and the business's impact on air quality. OCU has recently rolled out a series of employee benefits in its People First initiative. Its management processes have been accredited to ISO 9001 and ISO 45001 standards, reflecting its commitment to the ongoing wellbeing of every member of the team. OCU continues to invest significantly in the training of its employees, fostering a positive working culture that encourages everyone to look out for the safety of one another.

The achievement of such objectives goes hand-in-hand with effective governance, where the Group has recruited a team to manage its sustainability strategy.

CVC's ESG margin ratchet provides an incentive in the form of a an interest rate reduction and is based on OCU achieving EcoVadis top-quartile rating among its peers. CVC chose EcoVadis given its in depth analysis and guidance, which we believe will help protect the value of our investment. The Group is currently undergoing an EcoVadis assessment which it plans to use to understand and identify the most material areas for continued improvement. The annual reassessments will help ensure accountability and CVC will work with OCU with the objective of improving their rating year on year.

1 See the disclaimers at the back of this report for important information regarding case studies.

2 Descriptions of portfolio company climate-related targets or strategies, including use of the term 'Net Zero' in relation to such targets or strategies, are based on the relevant portfolio company's internal assessment or own description of their target. CVC makes no representations regarding the validity of such targets or strategies or portfolio companies' ability to meet or implement them.

**Credit** continued

Case study | Credit

SLR

# Sustainability KPIs bringing tangible improvements

**SLR is global leader in full-spectrum sustainability solutions, with a team of 3,500+ environmental and business consultants, engineers and scientists providing advice and support from a network of offices in Europe, the Americas, Asia-Pacific and Africa.[1]**

CVC worked with SLR to determine specific KPIs for an ESG-linked loan, based on emissions, injury rates and females in leadership roles, which we believe will help protect the value of our investment.

Having committed in 2021 to setting a Net Zero emissions-reduction target with the SBTi, SLR has since been working on improving its data-collection processes to calculate its Scope 1, 2 and 3 footprint. Its targets have since been validated by the SBTi. It has also improved its overall safety performance across all indicators it uses, following six key safety principles. In 2022, SLR launched its Safe Driving Campaign, with over 600 employees participating, reducing its vehicle incident rate by 85% from the previous year.

It has also overseen a step change in its safety reporting, with over 900 staff safety interventions involving hazards eliminated or avoided. In 2023, SLR ran its third Women in Leadership programme, resulting in over half the participants being promoted to senior roles.

1 See the disclaimers at the back of this report for important information regarding case studies.

# Secondaries

CVC Secondaries focuses on secondary markets globally. Investors like CVC Secondaries provide liquidity to limited partners (LPs), allowing them to modify or manage their portfolios, and provide solutions to general partners (GPs), allowing them to continue their exposure to assets with the potential for future growth. While the secondaries landscape continues to evolve, the market has developed as a sophisticated, strategic tool for LPs and GPs alike to achieve attractive exits.

## Our approach to responsible investing in Secondaries

At the investment level, our philosophy is based on the belief that the underlying value of investments is determined by their long-term fundamental prospects, including their forward-looking attitude towards environmental, social and governance aspects. Sustainability considerations could substantially affect investment performance and, ultimately, the risk-adjusted returns generated. Therefore, we aim to engage with our underlying GPs to compel them to act in a socially and environmentally responsible manner.

## Developments in 2023

In Secondaries, we continued to work with underlying managers on establishing good responsible investment practices over time. Key highlights from 2023 include:

» We became a signatory to the **ESG Data Convergence Initiative (EDCI)** and have incorporated some asset-level questions, where relevant, into our due diligence questionnaire.

» **We reviewed and enhanced our due diligence process**, with additional focus on post-investment monitoring, including establishing a formal review process at each Valuation Committee meeting. We continued to provide regular training for the investment team on responsible investment topics and relevant professionals in business operations functions. All deals approved by the Investment Committee included due diligence of material sustainability topics in 2023.

» **We expanded the coverage of our annual GP questionnaire to 91%** (up from 74% in 2022), which has provided us with a more comprehensive understanding of responsible investment management among underlying GPs.

## Performance in 2023: Responsible investment questionnaire

In 2023, CVC Secondaries analysed the activity of 77 general partners globally to assess the progress and implementation of material sustainability considerations across the portfolio of funds.

The data gathered highlights a further increase in the number of GPs with a responsible investment or ESG policy, from 92% in 2022 to 98% in 2023.

As our portfolio continues to evolve as a result of new investments and divestments, the aggregated data from our annual questionnaire cannot be compared like for like, but provides a snapshot of our portfolio at each point in time.

## Future plans

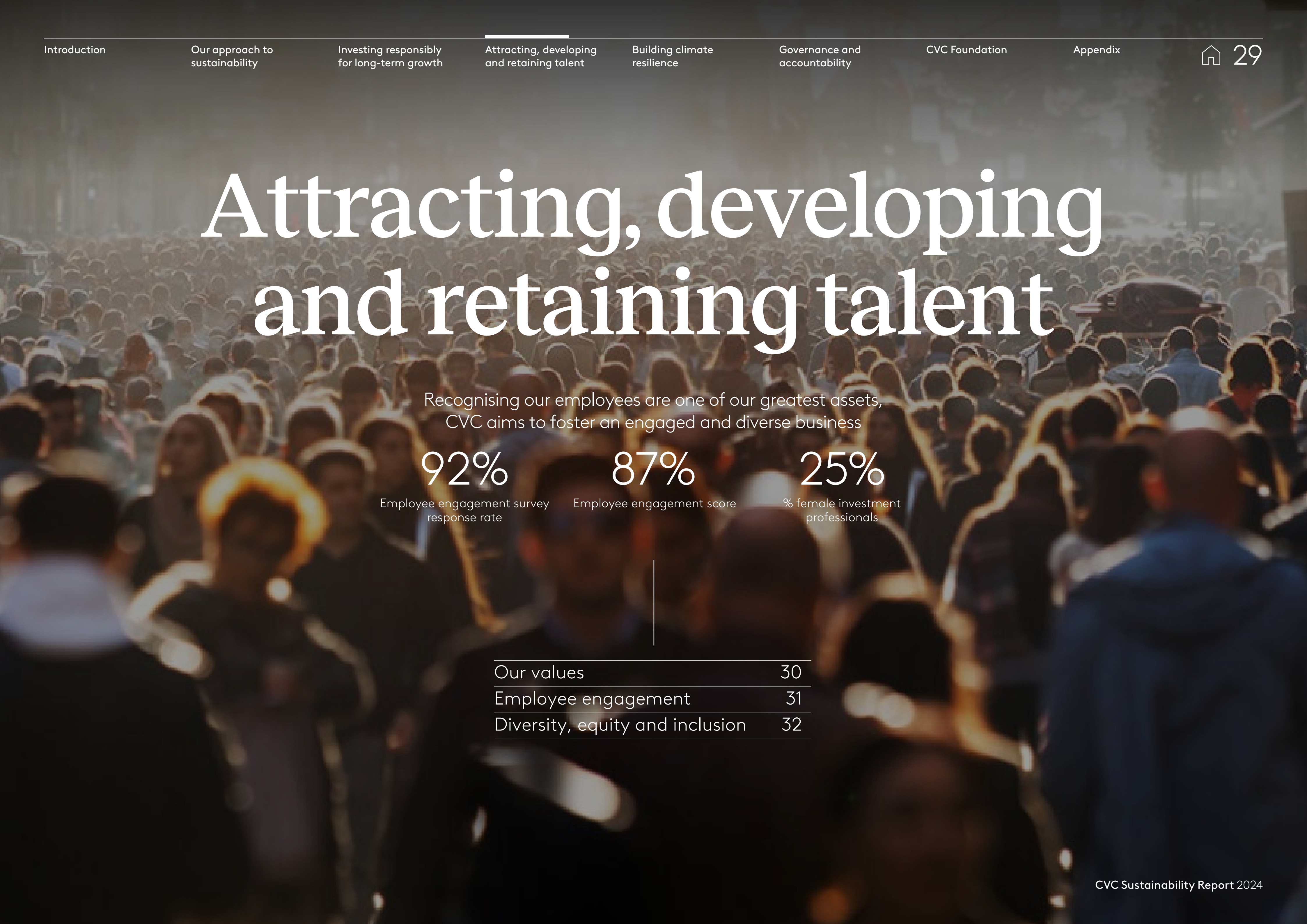
In 2024, we plan to:

» Continue reviewing our **responsible investment processes and disclosures**, updating those where necessary.

» Provide on-going **support to the deal teams** and conduct any necessary training where relevant updates are implemented.

» Continue rolling out our updated **GP questionnaire** across new GP-led transactions.

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| General partners with a responsible investment or ESG policy | 91% | 92% | 98% |
| General partners without a responsible investment or ESG policy | 9% | 8% | 2% |
| General partners who are a UN PRI signatory | 66% | 85% | 85% |
| General partners who are not a UN PRI signatory | 34% | 15% | 15% |
| Total number of general partners analysed | 65 | 65 | 77 |



# Attracting, developing and retaining talent

Recognising our employees are one of our greatest assets, CVC aims to foster an engaged and diverse business

**92%**
Employee engagement survey response rate

**87%**
Employee engagement score

**25%**
% female investment professionals

# Our values

CVC is a global network of over 1,100 people, working in 29 office locations around the world.[1] It fosters a diverse, team-based environment, with opportunities to expand knowledge and expertise by moving across investment strategies, markets and regions.

CVC's unique story has a lot to do with the values we hold today. Our history helped shape these values and they have been integral in creating the business we are all a part of. We encourage our employees to embrace CVC's values, so they understand the principles that underpin our business.

## Entrepreneurial

We think like owners

We are personally accountable

We create our own success and reward

## Inclusive

We do not tolerate any form of bias

We listen and make decisions by consensus

We treat colleagues with respect

## Honest

We speak our minds

We challenge conventional wisdom

We are confident, without arrogance or complacency

## Balanced

We take a cautious approach based on facts

We acknowledge mistakes and learn from them

We are interested in the world around us and our impact on it

1 Adjusted to include CVC Infrastructure.

# Employee engagement

As a people-based business, our success is underpinned by attracting and retaining the best talent. By treating our people with respect, creating opportunities for learning and development, and showing consideration for health and wellbeing, we aim to create an environment where our people can thrive.

| KPI[1] | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Employee engagement survey response rate | 94% | – | 85% | 92% |
| Employee engagement survey score | 86% | – | 85% | 87% |

1 Data for years prior to 2023 exclude Secondaries as different survey methodologies were used and could not be aggregated. No survey was conducted in 2021, as the transition from bi-annual employee surveys to annual surveys commenced in 2022.

## Professional development

CVC recognises that continued investment in professional development is an important component of the long-term success of the business and growth of its people. CVC has various learning and development programmes and courses tailored to seniority and role.

In 2023, we offered courses on corporate valuation, financial modelling, presentations skills and providing effective feedback, among others. We also provided external executive coaching for senior leaders, as well as access to an online coaching platform and internal mentoring for all levels of employees.

We continue to review our programmes based on employee feedback and build new development initiatives to support our employees' career growth and help them to be effective in their roles. As part of this commitment, in November 2023, we hired a Talent Director to oversee this effort.

## Wellness and benefits

We remain committed to supporting our employees' wellbeing. Insights from our annual employee engagement survey inform the development of our comprehensive wellbeing strategy, ensuring tailored support for our colleagues. Our Employee Assistance Programmes provide a suite of confidential services, including counselling, legal advice, financial consultations and crisis support, accessible to all employees and their families.

To champion wellbeing further, we organise various workshops and events and provide family-friendly benefits. Through our partnership with Maven, our employees can access comprehensive support for fertility, pregnancy, adoption, surrogacy and menopause. Additionally, we encourage mindfulness and resilience-building through resources available on platforms including Headspace and MYNDUP, which enhance our holistic approach to employee wellness.

**92%**

2023 Employee engagement survey response rate

**87%**

2023 Employee engagement survey score

Katharina Koenig
Chief People Officer

"People are at the heart of everything we do. We continue to listen to our employees and evolve our people practices to attract, develop and retain top talent."

# Diversity, equity and inclusion

CVC values diversity of thought and experience, not only because we believe greater diversity leads to superior investment performance, but because it also fosters a great place to work.

The Diversity, Equity and Inclusion (DE&I) Committee was established in 2016 to provide leadership and strategy to the CVC Board and the seven Executive Committees with respect to the Group's four pillars of (i) recruiting, (ii) developing, (iii) retaining diverse talent and (iv) measuring progress against CVC's targets.

DE&I is led by the Chair of the CVC Group DE&I Committee, Cathrin Petty and the Chief People Officer, Katharina Koenig and is embedded in all of CVC's People practices.

In 2022, CVC established seven regional and strategy-focused workstreams reporting to the Group DE&I Committee to actively engage a broad range of employees and to provide greater insights into local and team-specific DE&I focus areas. The CVC Women's Network and the CVC Pride Network were launched in 2022 and 2023, respectively. Networks are open to all employees and offer a forum for open dialogue and inclusion.

As the table on this page shows the number of female investment professionals has increased across CVC in recent years.

Cathrin Petty
Managing Partner,
Chair of the DE&I Committee

"Diversity, equity and inclusion are critically important to CVC. The DE&I Committee holds us accountable across the Group and seeks to foster a culture of inclusion that provides opportunities for people from all backgrounds."

The DE&I Committee considers diversity, equity, and inclusion in the broadest sense, including gender, race, ethnicity, and other characteristics. In 2020, CVC became an inaugural firm in the #10000BlackInterns initiative which aims to address the under-representation of Black investment professionals in the United Kingdom. CVC also extended a long-standing relationship with Sponsors for Educational Opportunity in the United Kingdom as a founding member of their Alternative Investment Programme. Sponsors for Educational Opportunity supports talented students from ethnic minority and low socioeconomic backgrounds for career success.

In 2024, we will plan to launch Inclusive Leadership training, built in-house to provide opportunities to explore unconscious bias, blind-spots and microaggression, and how to enhance inclusive practices at the workplace.

CVC celebrates and observes important events in cultural calendars across the globe (e.g. Lunar New Year, Ramadan, Black History Month etc), and offers employees family-friendly benefits and well-being resources to create a supportive and inclusive workplace.

| KPI | 2021[2] | 2022 | 2023 |
|---|---|---|---|
| Female investment professionals within CVC[1] | 22% | 23% | 25% |

1 Including for Private Equity, Credit and Secondaries.

2 A previous version of this report stated that the proportion of female investment professionals within CVC was 23% in 2021, but this figure only reflected data for the PE business. The updated figure now reflects the combined data for PE, Credit, and in 2021.

# Building climate resilience

By proactively managing material transition and physical risks and opportunities with respect to climate change, CVC seeks to create long-term value for its investments and stakeholders

**88%**
% Scope 1 and 2 emissions reduction from 2019 baseline

**8%**
% eligible companies with validated science-based targets

# TCFD reporting

## Governance

Our climate strategy falls within the remit of our Sustainability Committee (read more about the governance of sustainability topics on page 40).

## Strategy

We recognise that climate change will increasingly cause disruption to businesses and, for certain sectors, this will be significant. This is both in the risks and opportunities presented by the transition to the low-carbon economy, and in the physical risks caused by the impact of climate change. CVC's climate strategy focuses on managing the risks to our current and future portfolio over the short, medium and long term, acting in the best interests of our investors.

We firmly believe that companies committed to reducing their carbon footprint as an integrated part of their business strategy, are poised for greater success and value in the medium to long term. Accordingly, our climate strategy prioritises business-relevant and credible decarbonisation, with a particular focus on our private equity portfolio, where CVC funds typically hold control or co-control positions. To help ensure accountability and alignment with global best practices, we have chosen to adopt targets endorsed by the SBTi. By embracing this approach, we are not only seeking to mitigate climate risks, but to also position our investments to thrive in a rapidly evolving low-carbon economy. Read more about our decarbonisation strategy on page 35.

The information, tools and resources are not yet available to isolate the financial implications of climate-related risks on our investment portfolio in a credible and reliable way. Nonetheless, we recognise their potential significant impact and are actively incorporating climate-related risks to the extent reasonable and practicable into our overall portfolio management strategy.

## Risk management

**Portfolio risk:** At the portfolio level, the presence of physical and transition climate risks may pose potential threats to CVC's revenue streams over the long term, through a range of channels. These risks have the potential to adversely affect portfolio company revenues, increase operational costs, and ultimately diminish the value of underlying investments. This could, in turn, affect investment income and returns for CVC and its clients. Moreover, exposure to these risks could hinder CVC's capacity to raise future funds, thereby diminishing future earnings fees.

Our assessment of climate-related risk to the current portfolio, undertaken across our private equity portfolio and parts of our credit portfolio, with the support of a third-party advisor, has indicated a low overall risk level, which we attribute to effective diversification, being weighted towards sectors with limited exposure to climate-related risks. Only a small proportion of companies included in the assessment were deemed likely to have exposures to material physical climate risks, crystallising in the coming decades. See page 47 for more information about our risk assessment methodology.

In 2023, we undertook an initial analysis of climate value-at-risk (CVaR) within our private equity portfolio. The objective of the analysis was to help us better understand climate-related financial risks, starting by focusing on understanding the anticipated impact of carbon taxes over the short, medium and long term across three different NGFS scenarios (delayed transition, Net Zero and Divergent Net Zero). We plan to build on this with more detailed analysis, and to use the results of the analysis to further support portfolio engagement on this topic.

CVC does not expect to see a sudden change in the value of its underlying assets as a result of climate-related factors in the short term, but such a risk could materialise in the medium to long term if not managed proactively.

CVC seeks to manage climate risk in its portfolio by conducting climate due diligence on new private equity deals where an initial screening indicates climate change could be material, and engaging with portfolio companies after the investment on managing physical and transition risks as appropriate. More information on our approach to responsible investing is provided on page 14 and on our website.

For our Credit strategy, management and performance fees for CVC are primarily linked to the credit risk of the underlying investments. Climate-related issues have to date had a lesser impact on credit risk of our underlying portfolio, however, sustainability is an important consideration across the strategy. Initial sustainability due diligence forms part of the credit underwriting process and, where appropriate, the Credit teams agree ESG-linked 'margin ratchets' to incentivise companies to improve their sustainability programmes and help protect value. More information on our responsible investment approach within Credit is available on page 25.

Our Secondaries strategy, for which we did not perform a detailed climate risk assessment, provides tailored investment and liquidity solutions for a number of third-party general partners and limited partners. As a result of CVC Secondaries' investment approach and selective deal sourcing, the underlying portfolios of GP and LP positions are balanced and highly diversified. To monitor sustainability-related risks in the portfolio, CVC conducts pre-investment due diligence and conducts an annual sustainability survey during the holding period. More information on our responsible investment approach within Secondaries is available on page 28. As such we believe the valuation risk, and associated impact on management and performance fees, is reduced through diversification and due diligence. However, there remains a portfolio risk from the lack of direct management of sustainability topics at underlying assets, which could impact CVC's ability to raise future secondaries funds in the medium to long term.

**Corporate risk:** At the corporate level, CVC faces transition risks relating to changes in policy and legislation with which CVC may have to comply. The time horizon for this risk is in the short to medium term. In order to support compliance with upcoming requirements, we are aligning public disclosures with the TCFD and other best-practice reporting standards. CVC may also face transition risks or opportunities, including reputational, as the market looks to invest in funds with sustainability features. We will continue to monitor this trend and seek to adapt our strategies as appropriate. CVC does not consider its direct exposure to physical climate risk in the to be material in the short to medium term given the size and location of our offices.

## Metrics and targets

CVC reports annually on its greenhouse gas emissions from its own operations (see page 35). Recognising that CVC's main source of emissions is through its investment portfolio, CVC actively supports private equity portfolio companies' efforts to reduce GHG emissions and seeks to collect emissions data from the investments across the strategies on an annual basis where appropriate. CVC does not currently publicly report aggregated financed emissions data due to concerns about quality and accuracy across the portfolio, but plans to do so in future years.

CVC has set Board-approved science-based targets covering emissions at the operational level and engagement at the portfolio level in line with the guidance set by SBTi[1].Read more about our decarbonisation strategy on page 35.

CVC also monitors a number of broader sustainability metrics across its various investment strategies that can be found in the Investing responsibly for long-term growth" section of this report (see page 14).

Climate related metrics are not currently separately incorporated into remuneration policies of CVC investment professionals. However, a significant portion of their remuneration is typically in deferred instruments aligned to the performance of investments, meaning their pay will be negatively affected by a sustainability risk that affects the value of the underlying investment.

1 Portfolio-level targets apply only to eligible private and listed equity investments.

# Decarbonisation strategy

Encouraging and supporting portfolio companies in managing, and ultimately reducing, their greenhouse gas (GHG) emissions, is a key element of climate-risk management. It helps build resilience to climate-related risks and reduces costs through energy efficiency and effective energy procurement. It also supports companies in taking advantage of the opportunities of the low-carbon transition, amidst heightened demands for innovation regulation, and disclosure.

## Science-based targets

To encourage accountability and action, we have set GHG emissions-reduction and engagement targets, which the SBTi validated in 2023:

**Scope 1 and 2:**

73%

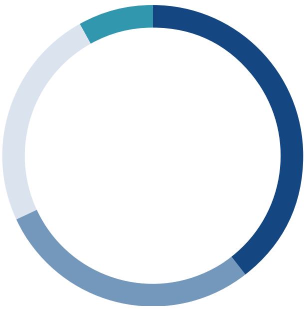
To reduce absolute GHG emissions by 73% by 2030 from a 2019 base.

**Scope 3 portfolio engagement targets:**

40%

To set validated science-based targets for 40% of our eligible private equity and listed equity investments by invested capital by 2027, and all of them by 2035[1].

**SBTi target coverage of investment and lending activities**




SBTi's current guidance does not incorporate the credit or secondaries asset classes.

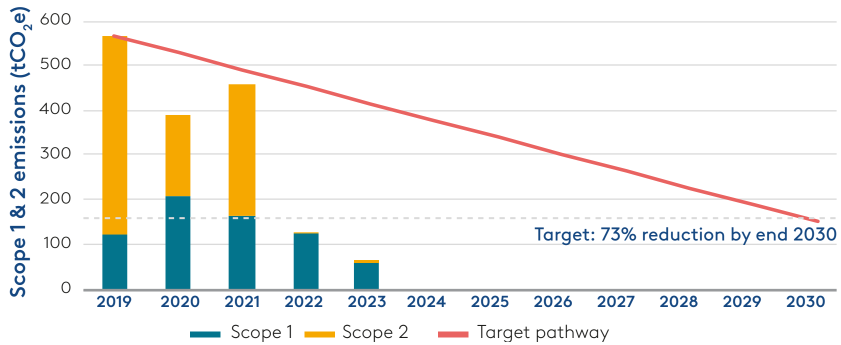
1 Eligible private equity investments are where the funds hold more than 25% ownership, we hold a Board seat, and at least 24 months have passed since acquisition. Other private equity investments are excluded from the target.

# Operational emissions

Most of our Scope 1 and 2 emissions come from running our offices. For offices accounting for 43% of total electricity consumption, we procure renewable electricity directly from suppliers. For the remainder of our electricity use, we have reduced emissions by procuring Energy Attribute Certificates, which are issued as proof of energy purchased from renewable sources. In 2023, we bought RE100 Compliant Energy Attribute Certificates covering 1,276 MWh of energy used. We also consider energy efficiency in current and new office leases. Although business travel is not part of our official SBTi target, we have implemented processes to help us monitor these emissions more closely, and are encouraging colleagues to reduce their travel where prudent to do so.

| KPI[2] | 2021 | 2022 | 2023 |
|---|---|---|---|
| Scope 1 (metric tonnes $CO_2$e) | 168 | 127 | 62 |
| Scope 2 (metric tonnes $CO_2$e) | 293 | 1 | 7 |
| Scope 1 and 2 – Office energy consumption and fleet (metric tonnes $CO_2$e) | 461 | 128 | 69 |
| Scope 3 – Business travel and employee commuting (metric tonnes $CO_2$e) | 760 | 5,544 | 17,287 |
| Total GHG emissions, excluding portfolio emissions (metric tonnes $CO_2$e) | 1,221 | 5,672 | 17,356 |
| GHG emissions intensity (metric tonnes $CO_2$e / average FTEs) | 2 | 7 | 20 |
| Total electricity use (MWh) | 2,718 | 1,777 | 2,253 |

**Reducing CVC's Scope 1 and 2 emissions[3]**




2 Scope 2 emissions have been reported using the market-based methodology. Scope 3 emissions include category 6 and 7 only. Some calculations of Scopes 1, 2 and 3 emissions required estimations to accommodate for unavailable data. This report presents total electricity use data for years 2021 and 2022 using MWh as the unit of measurement. A prior version of CVC's 'ESG Report: 2023' inadvertently presented the incorrect unit of measurement (kWh) for such electricity use data. The current version of CVC's 'ESG Report: 2023' available on CVC's website has been updated to provide the correct unit of measurement (MWh). The increase in Scope 3 – business travel and employee commuting in 2023 reflects improved data capture, an increase in total number of employees and an increase in travel due to factors such as fundraising.

3 Scope 1 and 2 data for Secondaries are not shown in this chart as they were not included in our baseline submission to the SBTi. We plan to re-baseline to include new acquisitions in the coming years.

# Portfolio engagement

Category 15 Scope 3 emissions – those from our investment portfolio – account for the vast majority of our emissions. Our private equity portfolio accounts for the largest proportion of our assets under management. It is where the funds typically hold a control or co-control position. Accordingly, we are prioritising our decarbonisation activities in this asset class both to enhance and protect the value of our business and that of our investments. In our Credit and Secondaries businesses, we focus on gathering credible emissions data, understanding the approach to decarbonisation that underlying assets are taking, and engaging on the topic where feasible to do so.

## A structured programme

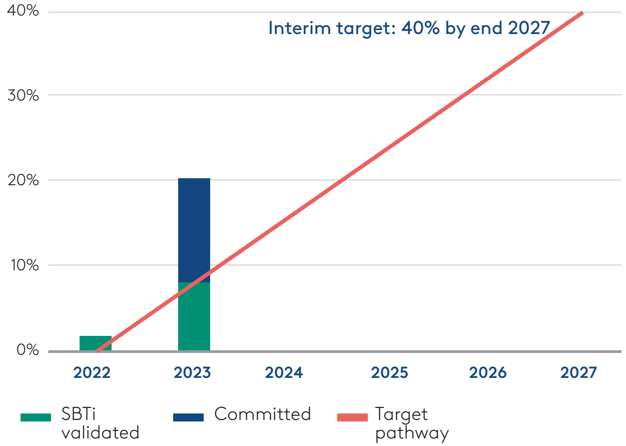
Through our Climate Action Accelerator initiative, we have a structured programme to support our portfolio companies measure their emissions, set their own science-based reduction targets and develop plans to meet those targets. We prioritise more recent investments enabling longer-term engagement, and those where funds hold a larger ownership stake, typically more than 25%.

There are, generally speaking, five phases to the Climate Action Accelerator initiative, taking each company through a repeatable formula for setting targets. These phases include supporting companies in developing best-practice reporting, engagement with management and boards of companies to develop the business case, and supporting companies in building a credible roadmap for decarbonisation. We commenced the Climate Action Accelerator initiative in 2023, with over 20 companies joining as part of our first and second cohort of participants. The third cohort of participants in the Climate Action Accelerator commenced in Q1 2024.

The percentage of our eligible private equity portfolio companies with decarbonisation targets validated by the SBTi was 3% in 2022 and rose to 8% in 2023, in line with our target pathway of 8% per year, as shown in the graph. An additional 12% of eligible private equity portfolio companies have formally committed to set targets with the SBTi and we expect the majority of these targets to be considered for validation in 2024.

We plan to work with portfolio companies on GHG emissions reporting and setting targets in the coming years, as we see these as key foundational steps towards better management of GHG emissions. It also enables companies to engage more meaningfully with their own stakeholders on the topic, and meet growing stakeholder expectations.

**Progress against SBTi engagement targets**
Eligible portfolio companies with validated science-based target or a formal commitment to set targets with the SBTi.



## Other climate-related initiatives

### Carbon credits

While the focus of the Group's climate strategy is on emissions reduction, CVC recognises that, despite the challenges present in the voluntary carbon market, carbon credits have an important role to play in mitigating climate change. The Group has therefore, supported beyond-value-chain mitigation by investing in carbon reduction projects around the world, with the level of our investment informed by our unabated Scopes 1 and 2 emissions and Scope 3 emissions associated with business travel and commuting. These include contributing to the Three Rivers Grassland Restoration Project in China, which aims to remove emissions through the restoration of grasslands which aids the stabilisation of soils and slows the snowmelt from nearby mountains; and supporting the Acre Amazon REDD+ project in Brazil, that aims to remove emissions through the support of several different projects focused on the protection of the Amazon rainforest. These projects were chosen not only for their contribution to removing emissions but also for the additional social benefits they deliver to local communities.

### Supporting innovation

Recognising the significant need for high-quality carbon-sequestration projects, we also provide grant funding to long-term projects aimed at furthering research and innovation in the field of carbon credits. These include Blue Marine Foundation, to develop high-quality marine nature-based solutions across the UK, and Lignaverda, fighting desertification in the African Sahel. We are also undertaking due diligence on a selection of projects that are at an early stage, with the objective of investing directly in a small number of individual projects to accelerate their development and scalability, while providing us with access to high-quality carbon credits for the long term.

### Climate finance

Recognising that technology and innovation are key to unlocking decarbonisation opportunities, we are investing in established climate funds where we see opportunities for their underlying investments to support CVC portfolio companies amid the anticipated transition to a low-carbon economy. This is an additional way we can add value to portfolio companies that are beginning their own decarbonisation plans. We make these investments as part of our venture philanthropy strategy, rather than as an investment associated with any of the CVC funds.

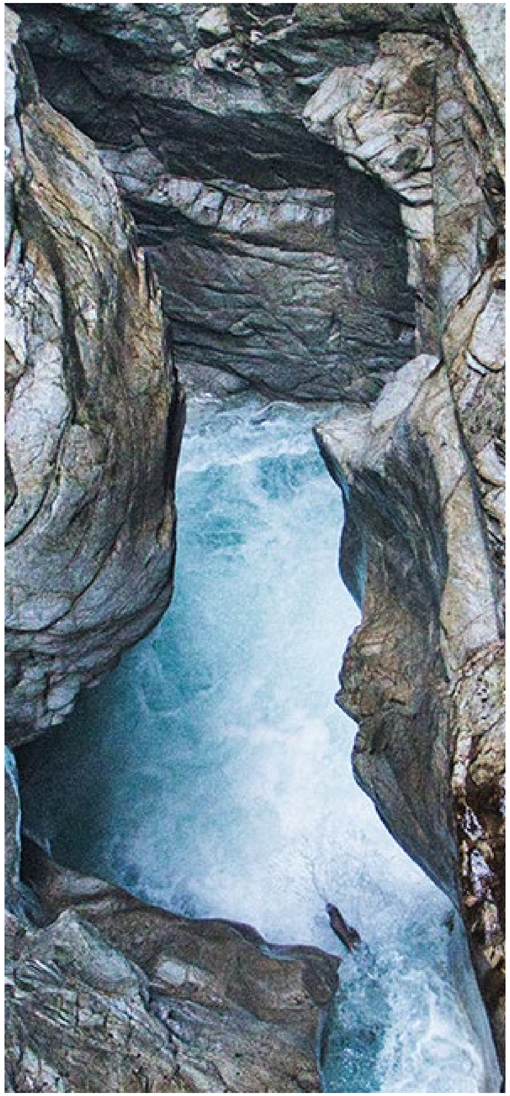
## Nature and biodiversity

Recognising that society, economies and businesses rely on nature and biodiversity and also contribute to their depletion, we see growing risks and opportunities in this area across the investment portfolio.

Society's understanding of the risks and opportunities related to nature and biodiversity is growing, along with an understanding of the steps business and the finance sector can take to mitigate the risks and make the most of the opportunities. We therefore see this as an emerging material topic for the investment portfolio.

Given the nascent understanding of the topic, we believe we can play a role in raising awareness in our industry of the issues that relate to nature and biodiversity, as well as identifying solutions in our own portfolio. We have taken the first steps to analysing portfolio impacts, risks and opportunities using the ENCORE framework within our private equity portfolio. In addition, we chair the Nature Working Group for the Private Equity Taskforce of the Sustainable Markets Initiative (PESMIT).

In our investment process increasingly we are we reviewing and managing topics related to nature and biodiversity wherever they are deemed material to the operations of the target or portfolio company.



Case study | Europe/Americas

# D-Marin - Switching to clean energy

In 2020, CVC funds acquired D-Marin, a premium yacht-marina operator, based in UAE, Croatia, Turkey and Greece.[1]

We have been working closely with D-Marin to help improve its sustainability management and performance. D-Marin has already developed a sustainability strategy based on a double-materiality assessment, and will produce its first sustainability report in 2024.

We supported D-Marin in measuring its Scope 1, 2 and 3 emissions. It was part of the first cohort to move through our phased Climate Action Accelerator programme, and now has a costed decarbonisation roadmap, and had its targets validated by the SBTi in December 2023. D-Marin is now investing heavily in switching to clean-energy sources, installing solar panels at its marinas, as well as using electric cars, scooters and bikes in its operations. In addition, it has funded an innovative robot that helps clean pollutants and waste from the marinas.

1 See the disclaimers at the back of this report for important information regarding case studies.

# Governance and accountability

CVC recognises the importance of maintaining robust governance and control processes across its business



## Sustainability governance

# At CVC, we oversee sustainability and responsible investing integration at the highest levels of our organisation.

The CVC Board is responsible for approving key strategic decisions regarding sustainability, and delegates day-to-day responsibility to the Sustainability Committee and other relevant committees.

**Illustrative CVC Governance Structure**


The Sustainability Committee is a sub-committee of the CVC Board, and is the main channel through which the CVC Board considers Sustainability topics impacting CVC and its stakeholders both at the corporate level and at the portfolio level, including new and emerging issues. It is co-chaired by two Managing Partners, who are Directors of the CVC Board, and includes other Managing Partners as members, with representatives from each of our investment strategies. It also draws on expertise from a range of business functions to determine how best to achieve our sustainability objectives within the Group and investment portfolio. The Sustainability Committee meets four times a year to discuss CVC's overall strategy and approach to sustainability, monitor progress against sustainability-related targets that have been set by the Committee and deliver transparent reporting. In its meetings, the Committee also monitors how we integrate Sustainability considerations within the investment processes of each strategy. It also considers whether investment teams and other employees have the training, tools and resources they need to implement our Responsible Investment policies.

For each of our investment strategies, we have separate Investment Committees (ICs), who meet regularly and are ultimately responsible for making investment decisions. Within our private equity strategies, we also have Portfolio Committees who are responsible for monitoring and managing investments over the lifecycle of the fund. Each IC in Private Equity, Secondaries and Credit is represented by at least one member of the Sustainability Committee. We also have separate specialist committees including Group Risk, DE&I, Ethics and Philanthropy.

Our investment teams are ultimately responsible for implementing our Responsible Investment policies, with support from other functions, including Operations, Capital Markets, Sustainability, Legal and Compliance. At the corporate level, the key functions that consider Sustainability topics material to CVC include: Sustainability; Human Resources; Diversity, Equity and Inclusion; Cyber; Investor Relations; Marketing and Communications; Philanthropy; Risk; Compliance; and Legal.

# Business ethics and conduct

## Code of Ethics and other policies

Recognising the importance of integrity and ethics in conducting our business, our Code of Ethics outlines our obligation to stakeholders, along with the standards and behaviour we expect of our employees. Many global policies underpin it, and apply across our network, reflecting local laws and regulations.

We keep a keen eye on regulatory changes, and share our expertise where relevant, through multiple interactions with the various different regulators overseeing the jurisdictions we operate in. We are able to help them develop and review existing policy and supervisory approach, help them better understand the potential impact of certain rule changes, and help them with their understanding of private market firms. We are also part of numerous industry associations, participating at committee level and providing our views on consultation papers and policy statements.

Our Compliance team reviews and tests our many policies and procedures regularly throughout the year to help ensure they continue to meet the needs of our business, and align with any new regulatory developments or best practices. These policies include, but are not limited to:

- Anti-bribery and corruption
- Anti-money laundering
- Acceptance of new business
- Customer and relationship risk assessment
- Identification, verification of identity and due diligence
- Politically exposed persons
- Conflicts of interest

We also have detailed policies and procedures for the development of new fund products, as well as the marketing of those products by our product and services teams globally. These policies will take into account local and cross-border regulations.

## Training

All our employees receive mandatory training on compliance topics, when they join us and periodically afterwards. This is tailored to their roles and responsibilities. We also provide online training, and our Compliance team regularly sends updates on relevant topics. Quarterly and annually, our employees formally confirm their ongoing adherence to our compliance policies.

## Whistleblowing

We expect the highest standards of openness, probity and accountability, and maintaining these requires a mechanism for people to voice concerns. We have internal escalation and reporting procedures to help ensure critical concerns reach management and go through relevant governance structures. We consider all forms of malpractice to be extremely serious, and encourage anyone with concerns to raise them with the appropriate people, so they can be investigated and dealt with appropriately. We also have whistleblowing procedures available to all our employees.

# Managing risk

We operate in a highly competitive and heavily regulated environment, and so are subject to many factors that can have a material impact, both on performance and on achieving our strategic objectives. Overall responsibility for managing these risks lies with the CVC Board. We have a Group Risk Committee (GRC), an executive-level committee responsible the designing and implementing the risk-management framework across the Group.

We operate a customary 'three lines of defence' model, which balances subject-matter expertise, risk specialists and independent oversight. Combined assurance means coordinating our lines of defence, to develop a holistic view of our risk universe and to manage it in the most efficient and effective way. In the past year, we have been working on building a combined governance risk compliance tool, a combined assurance function that works across not only on compliance, risk and internal audit, but also across information security, cyber and data privacy. We believe it will have a meaningful impact on how we identify, record and monitor risk on a periodic basis, and will allow us to see the entire CVC risk universe on one interface.

Our risk-management framework is designed to identify and assess risks, and build pragmatic ways to manage them, while optimising any opportunities they may present. CVC's risk management framework is designed and overseen by a dedicated, independent team of risk management professionals. GRC considers factors affecting each principal risk, liaising with various executive committees and functions, before determining a risk profile, all summarised into a regular report for the CVC Board to review. The team uses several tools to monitor and measure risk profiles, including stress and scenario tests, risk assessments, resilience programmes, key risk indicators; horizon, scanning, and risk-event analysis.

# Information security and data privacy

Our materiality assessment has reconfirmed the strategic importance of cyber security to our operations and stakeholders. This year, we continued to strengthen our approach, to help ensure we can respond to this increasingly sophisticated threat. In particular, we undertook an internal audit with an external partner, to review our cyber-security controls, polices and other measures. We also ran our annual Red Team Exercise to assess our resilience to cyber-attacks, from both a technical and social-engineering perspective, and we carry out quarterly phishing tests to assess our vulnerability to these common types of attack.

We have adopted the ISO 27001:2022 framework as our Information Security Management System, to help ensure the security of our information. This provides a systematic approach to managing sensitive information and ensuring its confidentiality, integrity and availability. By implementing the framework, we can identify and mitigate risks to our information security, and continually improve our security controls. To help maintain a strong culture of cyber security, we maintain a cyber-security awareness strategy, covering technical staff, third parties and executives. We also conduct regular cyber-security training for all our staff.

In addition to cyber security, we also value data privacy and the protection of personal data. Our Data Privacy programme helps ensure we comply with global regulations such as the General Data Protection Regulation (GDPR) and any other laws that apply. Our programme covers the data lifecycle from collection to deletion, and includes policies, procedures, guidelines and tools to safeguard data subjects' rights and interests. We also provide regular data-privacy training and awareness campaigns for our staff, and we monitor and audit our data-processing activities to identify and address any gaps or risks. The Data Privacy programme demonstrates our commitment to ethical and responsible data practices.

In recognition of the importance of the Information Security and Data Privacy Programme, CVC has invested in several changes in 2023, including building larger in-house teams specifically for Data Privacy, Identity and Access Management and Security Operations, and has introduced a new specialist Managed Security Service Provider.

# CVC Foundation

We established our global Philanthropy programme in 2011, aiming to use the company's resources – including money, time and access to our network – to make a positive difference in the communities where we, and our portfolio companies, do business.

# CVC Foundation

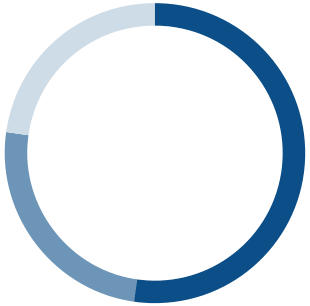
Our work consists of three main activities as outlined below: grant funding for non-profits, engaging employees in our charitable efforts, and supporting our portfolio companies' community activities.

## Grant funding for non-profits

We provide multi-year grant funding, currently to 27 non-profit organisations in ten countries, working in education, employability or entrepreneurship. We support each organisation through a local CVC champion. By funding the work of our charity partners, we aim to address the barriers that prevent people from achieving their potential in education or employment. Each charity partner we support must have a defined plan for their inputs, activities, outcomes and impact.

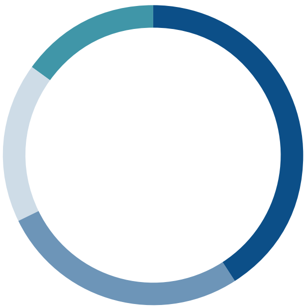

For more about our philanthropy programme, including case studies, see our CVC and the Community – Opportunities for All Review.

**2023 Grant funding for non-profits – by region**



- 53% Europe
- 25% Americas
- 23% Asia

**2023 Grant funding for non-profits – by focus area**



- 41% Education
- 27% Employability
- 17% Enterprise
- 15% Venture Philanthropy

## Engaging our employees

We encourage our employees to give back to their communities in three ways: donation matching, volunteering and corporate challenges.

### Corporate matching

We augment our employees' donations to charities of their choice by two times the amount for senior staff and five times the amount for everyone else. During 2023, we made 493 matched donations to over 300 organisations in 21 countries. The most popular causes for these donations were education and disaster relief. Altogether, these donations raised €5.5m over the year.

### Volunteering and pro-bono work

The Philanthropy team regularly organises opportunities for our employees to use their professional and practical skills to enhance the work of our partner charities. Volunteering can either be skills-based, such as serving on a charity's board, or practical, for example, helping primary school children improve their literacy skills. Last year, two thirds of our employees took part in at least one charity initiative organised by CVC.

### 30th Anniversary Challenge

To celebrate thirty years as an independent business, we ran a Group-wide event during June. We challenged colleagues to run, swim, walk, cycle or volunteer, to earn donations for charities working in either education, employability or the environment. 751 employees took part and covered a distance of 119,000km – or three times around the earth's circumference. In addition, there were 284 volunteering contributions, with nearly 6,000 trees planted. By the end of the Challenge, participants had raised €3.2m, which we donated to 82 non-profit organisations around the world that had been nominated by the Challenge teams.

## Supporting our portfolio companies

We have been working with our portfolio companies for over a decade and, in recent years, expanded our activities as businesses have increased their focus on responsible practices.

### Matching for disaster relief

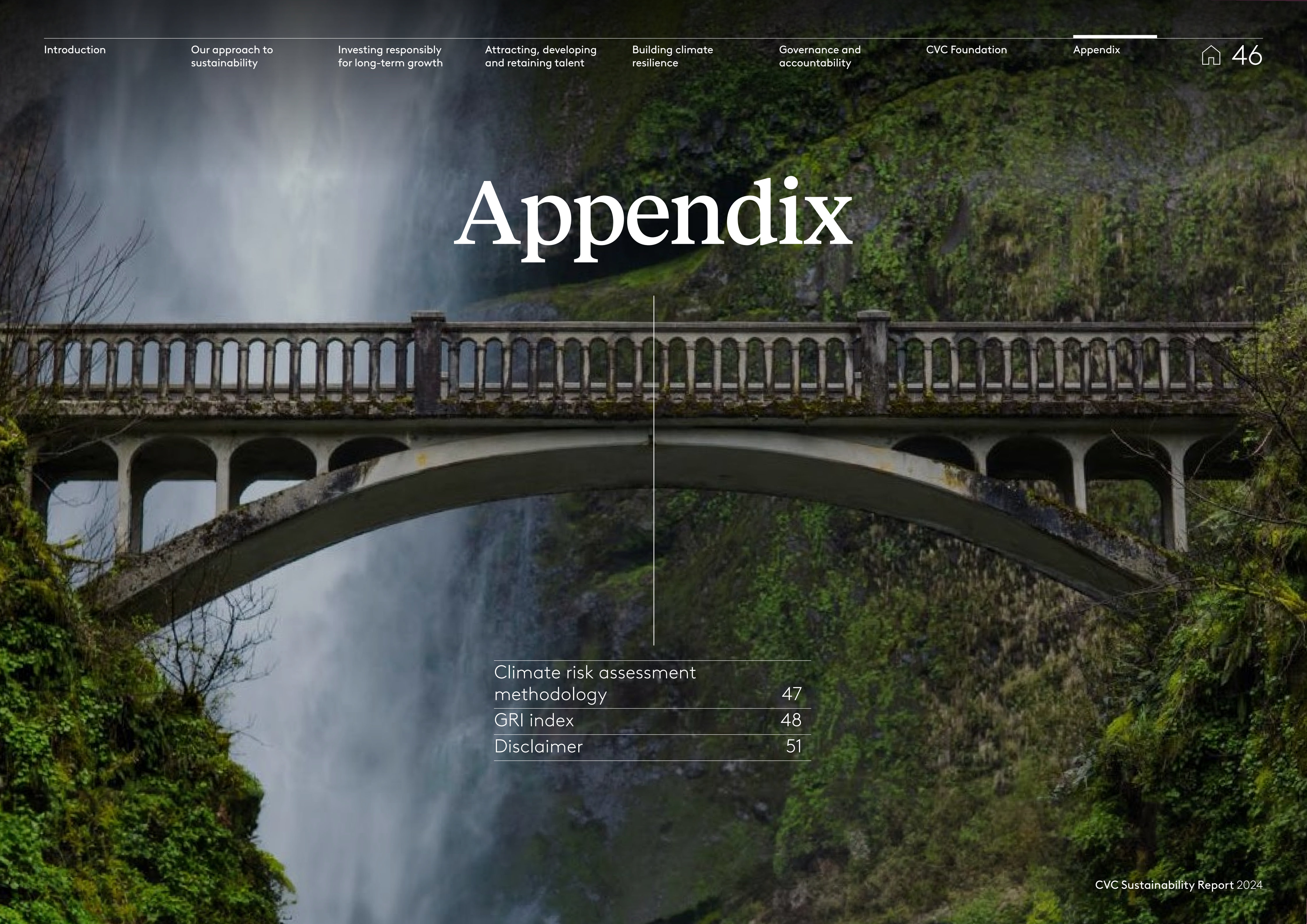
We support our portfolio companies' fundraisers through a special enhanced employee matching programme that enables CVC employees to donate to a portfolio company's fundraiser and have their donations matched by five times. During 2023, ten portfolio companies in our private equity strategy received funding of €600,000 through this initiative.

### Planet & People Grant programme

In a joint initiative with the sustainability team, in November 2022 we launched a specific grant programme, aiming to co-fund projects that help companies advance their environmental and social initiatives. During 2023, 24 grants were made totalling over €1.6 million. Projects supported include setting up an employee volunteering programme, educational bursaries for disadvantaged students, training in digital skills for under-served groups, installation of smart meters to improve energy efficiency and training in sustainability.

### Sharing knowledge

We recognise portfolio companies' philanthropic programmes are at different stages of development and maturity, so we look for opportunities to connect businesses that have common interests including through regional networking. Through our Planet & People Grant programme, we have gained insights that enable us to connect companies with similar projects, so they can share knowledge and maximise the impact of our grants.



# Appendix

# Climate risk assessment methodology

At the portfolio level, we conducted a sector analysis of macro-level physical and transition climate risks across our private equity portfolio and parts of our credit portfolio, aiming to better understand the nature and extent of the financial risks climate change might pose.

We plan to update our methodology and process over time as the risks evolve. We are also working directly with companies in the private equity and credit portfolios to understand the extent to which they are integrating climate risk into their business strategy and provide transparent reporting.

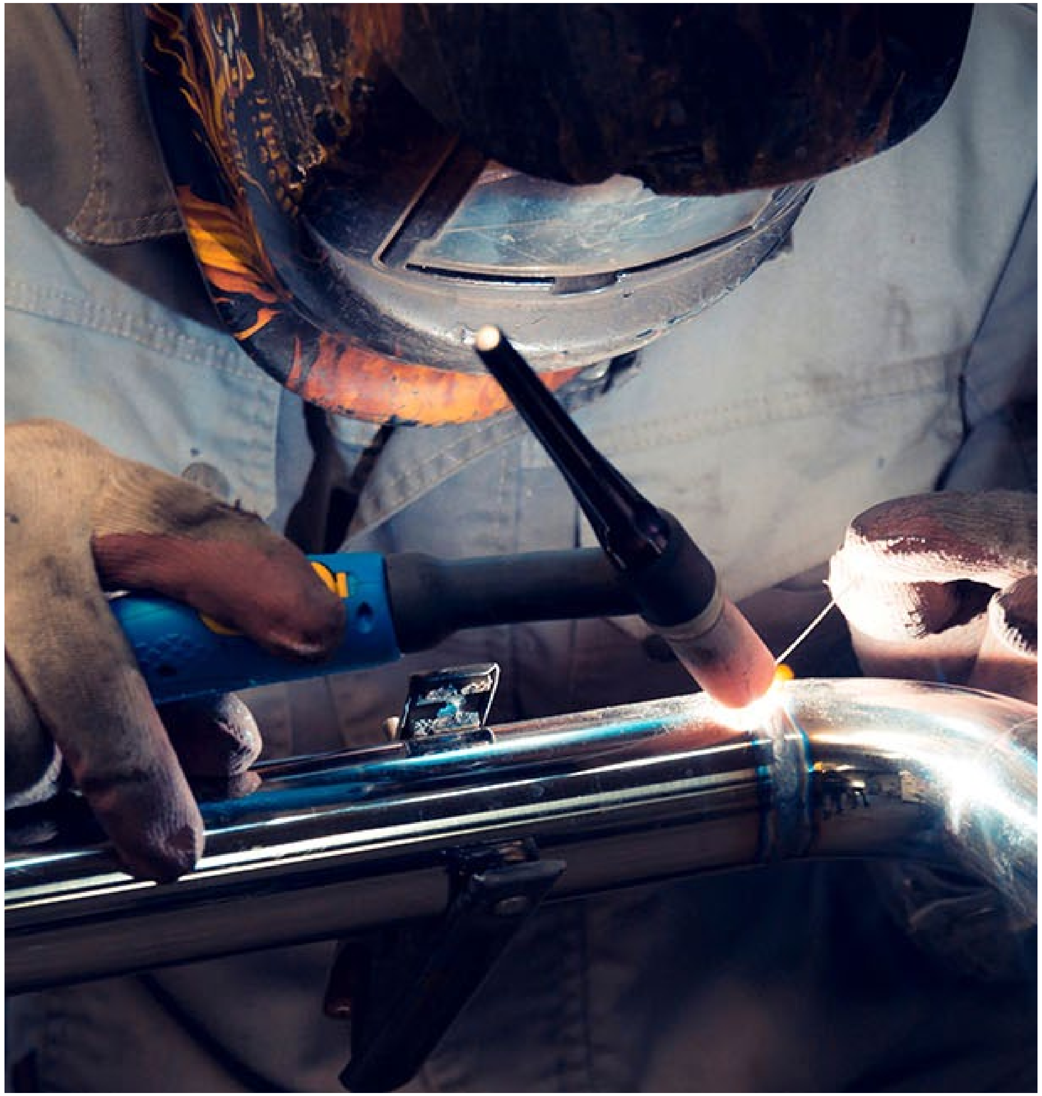
The risks assessed and scenarios used were as follows:

## Transition risk:

- **Risks assessed:**
  - Policy (carbon pricing, subsidies, regulatory requirements)
  - Technology (R and D, learning rates, breakthrough technologies)
  - Consumer (demand, behavioural change, cost focus)
  - Finance (pricing, availability, regulatory)
- **Scenarios considered (IEA World Energy Outlook):**
  - The Net Zero Emissions by 2050 Scenario (NZE)
  - The Sustainable Development Scenario (SDS)
  - Baseline: Stated Policies Scenario (STEPS)

## Physical risk:

- **Risks assessed:**
  - Coastal and river flooding
  - Tropical cyclones
  - Wildfires
  - Heatwave
  - Drought
- **Scenarios considered (IPCC Representative Concentration Pathways):**
  - RCP6.0
  - RCP8.5
  - Baseline: C02 and CH4 fixed at pre-industrial level



# GRI index

| | |
|---|---|
| Statement of use | CVC has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure | Location | Comment |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 Organisational details | About CVC, p. 4<br><br>Corporate structure for Private Equity and Credit<br><br>Corporate structure for Secondaries<br><br>Information about our network and office locations | CVC's corporate headquarters are:<br>29 avenue de la Porte-Neuve<br>Luxembourg<br>L-2227<br>Luxembourg |
| | 2-2 Entities included in the organisation's sustainability reporting | Disclaimer p. 51 | |
| | 2-3 Reporting period, frequency and contact point | | Annual reporting, 1 January 2023 – 31 December 2023<br><br>CVC does not undertake publically available annual financial reporting on a consolidated basis. Available financial information is prepared annually for the full year ending 31 December.<br><br>Contact Chloë Sanders, Head of Sustainability, for questions about the report via https://www.cvc.com/contact/ |
| | 2-4 Restatements of information | | Total electricity use data for years 2021 and 2022 has been restated. See p 35 for more information |
| | 2-5 External assurance | | No external assurance has been provided on this report |
| | 2-6 Activities, value chain and other business relationships | About CVC, p. 4 | Not applicable. No significant changes since last reporting period |
| | 2-7 Employees | Diversity, equity and inclusion, p. 32 | The gender metric deemed most relevant to our industry is the percentage of investment professionals that are female. |
| | 2-8 Workers who are not employees | | CVC does not materially rely on workers who are not employees to perform its work |
| | 2-9 Governance structure and composition | Governance of sustainability topics, p. 40 | Composition of governing bodies is not disclosed |
| | 2-10 Nomination and selection of the highest governance body | | Not disclosed |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Governance of sustainability topics, p. 40<br><br>Managing risk, p. 42<br><br>Materiality assessment, p. 11 | |

## **GRI index** continued

| GRI Standard | Disclosure | Location | Comment |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** continued | 2–13 Delegation of responsibility for managing impacts | Governance of sustainability topics, p. 40 | |
| | 2–14 Role of the highest governance body in sustainability reporting | Governance of sustainability topics, p. 40 | |
| | 2–15 Conflicts of interest | | Not disclosed |
| | 2–16 Communication of critical concerns | Governance of sustainability topics, p. 40 | |
| | 2–17 Collective knowledge of the highest governance body | | Not disclosed |
| | 2–18 Evaluation of the performance of the highest governance body | | Not disclosed |
| | 2–19 Remuneration policies | | Not disclosed |
| | 2–20 Process to determine remuneration | | Not disclosed |
| | 2–21 Annual total compensation ratio | | Not disclosed |
| | 2–22 Statement on sustainable development strategy | Our approach to sustainability, p. 7 | |
| | 2–23 Policy commitments | Business ethics and conduct, p. 41 | |
| | 2–24 Embedding policy commitments | Business ethics and conduct, p. 41 | |
| | 2–25 Processes to remediate negative impacts | | Not disclosed |
| | 2–26 Mechanisms for seeking advice and raising concerns | Business ethics and conduct, p. 41 | |
| | 2–27 Compliance with laws and regulations | Business ethics and conduct, p. 41 | |
| | 2–28 Membership associations | Industry engagement, p. 6 | |
| | 2–29 Approach to stakeholder engagement | Materiality assessment, p. 11 | |
| | 2–30 Collective bargaining agreements | | Not disclosed |
| **GRI 3: Material Topics 2021** | 3–1 Process to determine material topics | Materiality assessment, p. 11 | |
| | 3–2 List of material topics | Materiality assessment, p. 11 | |
| | 3–3 Management of material topics | Materiality assessment, p. 11 | |
| **GRI 201: Economic Performance 2016** | 201–1 Direct economic value generated and distributed | | Not disclosed |
| | 201–2 Financial implications and other risks and opportunities due to climate change | Managing risk, p. 42 | |
| | 205–1 Operations assessed for risks related to corruption | | Not disclosed |
| | 205–2 Communication and training about anti-corruption policies and procedures | | Not disclosed |
| | 205–3 Confirmed incidents of corruption and actions taken | | No known incidents in the reporting period |
| **GRI 207: Tax 2019** | 207–1 Approach to tax | CVC UK Tax Strategy | |

## **GRI index** continued

| GRI Standard | Disclosure | Location | Comment |
|---|---|---|---|
| **GRI 302: Energy 2016** | 302–1 Energy consumption within the organisation | Operational emissions, p. 35 | |
| | 302–2 Energy consumption outside of the organisation | | Not disclosed |
| | 302–3 Energy intensity | | Not disclosed |
| | 302–4 Reduction of energy consumption | Operational emissions, p. 35 | |
| **GRI 304: Biodiversity 2016** | 304–2 Significant impacts of activities,products and services on biodiversity | Nature and biodiversity, p. 37 | |
| **GRI 305: Emissions 2016** | 305–1 Direct (Scope 1) GHG emissions | Operational emissions, p. 35 | |
| | 305–2 Energy indirect (Scope 2) GHG emissions | Operational emissions, p. 35 | |
| | 305–3 Other indirect (Scope 3) GHG emissions | Operational emissions, p. 35<br>Portfolio emissions, p. 36 | |
| | 305–4 GHG emissions intensity | Operational emissions, p. 35 | Not disclosed |
| | 305–5 Reduction of GHG emissions | Operational emissions, p. 35<br>Other climate-related initiatives, p. 37<br>Portfolio emissions, p.36 | |
| **GRI 401: Employment 2016** | 401–1 New employee hires and employee turnover | | Not disclosed |
| | 401–2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employee engagement, p. 31 | |
| | 401–3 Parental leave | Employee engagement, p. 31 | |
| **GRI 404: Training and Education 2016** | 404–1 Average hours of training per year per employee | Employee engagement, p. 31 | |
| | 404–2 Programmes for upgrading employee skills and transition assistance programmes | Employee engagement, p. 31 | |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405–1 Diversity of governance bodies and employees | | Not disclosed |
| | 405–2 Ratio of basic salary and remuneration of women to men | | Not disclosed |

# Disclaimer

If you would like any further information on CVC's approach to sustainability management, please feel free to contact:

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- CVC Capital Partners Advisory Group Holding Foundation together with its subsidiaries (Advisory);
- CVC Capital Partners SICAV-FIS SA, together with its subsidiaries (Management);
- CVC Credit Partners Group Holding Foundation, together with its subsidiaries (Credit); and CVC Green Holdings Limited, together with its subsidiaries (Secondaries).

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1 In September 2023, the Group announced the agreed acquisition of DIF Capital Partners (DIF), a leading infrastructure manager, creating CVC Infrastructure. The acquisition is subject to the satisfaction of certain regulatory and other conditions and is therefore expected to close in the first half of 2024 Sustainability data for CVC Infrastructure is therefore not included in this report, unless explicitly stated.

2 Corporate structure as at December 31, 2023.

# **Disclaimer** continued

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AUM figures are as at December 2023. With respect to Private Equity: AUM represents the total value of assets under management including commitments by clients that have yet to be deployed. For Private Equity funds in the harvesting period, AUM represents the total value of assets under management excluding any commitments that have not been deployed. Credit Group AUM represents the net asset value of each credit vehicle. AUM includes non-fee paying AUM and the fair value uplift in investments where relevant. With respect to Credit: Commitment figure used for commingled vehicles and Separately Managed Accounts in ramping phase and also includes warehouse and drawn leverage facility figures for certain investment vehicles. Underlying figures not in US Dollars are converted using a spot rate as at 31 December 2023. Includes Managed Funds, Securitisation Vehicles, Listed Vehicles, Separately Managed Accounts and CLOs managed by CVC Credit Partners Investment Management Limited, CVC Credit Partners LLC, CVC Credit Partners European Investment Fund Management Limited, CVC Credit Partners European CLO Management LLP and CVC Credit Partners US CLO Management LLC, on a discretionary and non-discretionary basis. With respect to Secondaries: AUM is calculated in respect of each fund or investment vehicle that is managed or advised by Glendower Capital, LLP or Glendower Capital (U.S.), LLC (together 'Glendower') and aggregated in order to determine Glendower's total AUM. AUM is calculated as follows: (i) for each fund outside of its investment period with residual value, portfolio fair value, (ii) for each fund within the investment period, fund size less commitments drawn plus portfolio fair value, and (iii) for each fund that has not yet been activated yet, capital commitments closed to date.

Inception of the Europe/Americas strategy is defined as the launch of Europe/Americas Fund I. For private equity strategies, figures for investments since inception include deals signed but not closed as at 31 December 2023. For Performing Credit, investments since inception represent current investments. For Private Credit, investments since inception includes 141 EUDL investments since 2014 and 171 Cap Sol investments since 2015. For Infrastructure, investments since inception includes all vintages from 2008 onward (excluding co-invest capital, DIF Yield and DCAF).

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